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Official Report of Debates (Hansard)

Wednesday 29 July 2009

Journal des débats (Hansard)

Mercredi 29 juillet 2009

Standing Committee on Estimates

Ministry of Finance

Comité permanent des budgets des dépenses

Ministère des Finances

Chair: Tim Hudak
Clerk: Sylwia Przedziecki

Président : Tim Hudak
Greffière : Sylwia Przedziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 29 July 2009

Mercredi 29 juillet 2009

The committee met at 0903 in room 151.

SUBCOMMITTEE REPORT

The Vice-Chair (Mr. Garfield Dunlop): I will call the meeting to order, everyone. I think we've got a quorum here.

To begin with, I'd like to welcome everybody today to the Standing Committee on Estimates. Minister, I'd like to welcome you and all the people from the Ministry of Finance who are here, and I welcome back all the committee members here as well.

I think we'll start out with the report of the subcommittee on committee business. Mr. Delaney, I understand you have a motion.

Mr. Bob Delaney: Thank you, Chair.

Your subcommittee on committee business met via conference call on Friday, June 12, 2009, to consider the committee's summer schedule, and recommends the following:

(1) That, pursuant to the order of the House dated Wednesday, June 3, 2009, the committee meet one day during the summer adjournment, on Wednesday, July 29, 2009, to consider the estimates of the Ministry of Finance for seven and a half hours.

(2) That the committee meet from 9 a.m. to 1 p.m. and from 2 p.m. to 6 p.m. that day, with two 15-minute breaks, and that the clerk of the committee obtain confirmation of the meeting time from the Chair before posting a meeting agenda.

(3) That the clerk of the committee update the monthly committee calendar posted on the Legislative Assembly website to reflect the meeting on July 29, 2009.

(4) That the committee not meet on Thursday, July 30, 2009, a date on which it was authorized to meet pursuant to the order of the House dated Wednesday, June 3, 2009.

The Vice-Chair (Mr. Garfield Dunlop): Any questions with that at all? All in favour? That's carried.

MINISTRY OF FINANCE

The Vice-Chair (Mr. Garfield Dunlop): Okay, we'll move right to the Ministry of Finance, and we are here today for the consideration of the estimates of the Ministry of Finance for a total of seven and a half hours.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to

address, and I trust the deputy minister and his staff have made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

Are there any questions before we start today?

Seeing none, we will commence with vote 1201, and we will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party. Then the minister will have up to 30 minutes for a reply to any questions or comments on that, and the remaining time will be apportioned equally among the three parties, with 20-minute rotations starting with the official opposition.

So, Minister, welcome again. The floor is yours for the next 30 minutes.

Hon. Dwight Duncan: Thank you, Mr. Chair, and let me thank all the committee members. I'd especially like to acknowledge the new critic of finance for the official opposition, Mr. Miller from Parry Sound-Muskoka. I look forward to sparring with him in the days and weeks ahead. And of course, to my critic from the third party, Mr. Prue, it's good to see you again.

I am joined today by a range of officials from the Ministry of Finance. I won't introduce all of them. Suffice to say they represent the very best in our public service, people who serve with diligence and integrity at all times.

I am joined at the table here by my deputy minister, Mr. Peter Wallace, who, like so many of the officials from finance, we're truly fortunate to have in our public service.

I'd like to thank the members of the Standing Committee on Estimates for this opportunity to speak to you today.

For the past five years, the McGuinty government has been strengthening Ontario's economy by investing in the skills and education of our people, creating partnerships with business, making investments in research and innovation, cutting taxes for business, and investing in the infrastructure that keeps our economy moving. Today we see the results of these investments. We have higher test scores, smaller class sizes and more students graduating from high school, all of which helps create one of the most advanced and competitive workforces in the

world. Ontario now has more doctors and nurses and shorter waiting times, giving us an advantage in a competitive world. Working together, Ontarians have built an economy and a quality of life that are second to none. That's why our government will continue to aggressively increase the province's competitive advantages.

Relative to other jurisdictions, Ontario has been in a better position to weather the global economic storm. However, Ontario has not been immune to that downturn. Like other governments around the world, Ontario has seen a serious deterioration in its fiscal position since last fall, caused by the biggest downturn in the global economy since the 1930s. This has been accelerated by the devastating impact of the financial meltdown in the United States, our largest trading partner. Simply put, American consumers and businesses have not been purchasing as many Ontario goods and services as they used to.

Devastating job losses are hitting many Ontario families hard. In my hometown, Windsor, I have witnessed first-hand friends and neighbours cope with job loss. I know I speak for all members of this Legislature when I say these are not just statistics. When a family suffers a job loss or when a business closes, it affects all Ontarians.

While no single industry or individual government is responsible for this global crisis, each of us has a responsibility to act. We all know that Ontario has a history of resilient economic growth, and we expect that to resume after the recession ends. But history has shown that governments cannot simply spend their way out of a recession. Returning Ontario to a balanced budget will take time and require difficult decisions.

Yesterday the Ministry of Finance released the first-quarter economic finances for 2009-10. This provides an updated fiscal outlook for the province. This update shows a deficit projection of \$18.5 billion for 2009-10, the same as I announced in June. Compared to the 2009 budget projection, the \$4.4-billion increase in the deficit for 2009-10 is primarily due to significant revenue deterioration, \$2.8 billion, in both personal and corporate income tax returns, resulting from a weaker-than-expected economy and an increase in the support provided to the automotive sector of \$1.5 billion.

The fiscal impact of the automotive industry support package is projected at \$4 billion in 2009-10. This has been partially offset with a \$2.5-billion drawdown from the operating contingency fund. As a result, only \$1.5 billion contributes to the increase in the province's deficit. The full reserve and remaining contingency funds are still available to protect the fiscal outlook from additional adverse changes that might arise in the remaining fiscal year.

Ontario is not alone in having to update its budget projections. Other jurisdictions are experiencing similar challenges, including slower-than-anticipated revenue growth and higher expenses of programs that support family incomes during economic downturns.

There is no doubt that the global crisis has reduced our government's revenues significantly. Ontario's real GDP declined 2% in the first quarter of 2009, following a 1.5% contraction in the fourth quarter of 2008. This decline reflects the global economic downturn. The contraction in GDP was broadly based, reflecting a sharp decline in exports, lower business investment, a draw-down in business inventories and continued weakness in personal spending.

0910

Private sector forecasters expect the economy to turn around and to begin to grow in the second half of 2009. As we move back to balance, our government will be guided by a number of principles.

First, assumptions about revenues and expenditures will be cautious, prudent and transparent. We will provide quarterly updates to the public.

Second, our government will reduce the size of the deficit in each year subsequent to this.

Third, our government will control expenditures in a balanced and comprehensive way to protect and deliver services more efficiently.

Going forward, the rate of growth in government expenditures will be contingent on growth in the economy. We will remain prudent and disciplined in our management of the province's finances and continue our commitment to meeting our fiscal targets.

For the past five years, our government has worked hard to keep the rate of expenditure growth below the rate of growth in revenue. Today's challenges call for very dramatic action both in the short and long term.

Building a powerful Ontario economy is the McGuinty government's top priority. That's why our budget takes a two-stage approach. It takes immediate action to make Ontario more competitive, with a short-term investment of \$34 billion, including \$32.5 billion for infrastructure in roads, sewers, bridges, schools and hospitals. We estimate that this infrastructure investment will create and support more than 300,000 jobs across the province over the next two years.

In our 2009 budget, we proposed a fundamental reform to the province's tax system. This comprehensive tax reform package is the single most effective step we can take to boost Ontario's economy, one that would thrive in a global economic environment.

Specifically, we are proposing three significant tax changes: First, starting July 1, 2010, we would move to a single value-added sales tax that would combine the current provincial sales tax with the federal goods and services tax; second, permanent personal tax relief and three direct payments to Ontarians as we transition to a single sales tax; and third, comprehensive corporate tax reforms to permanently and significantly reduce business taxes for large and small enterprises across the province.

The Ontario Chamber of Commerce, many experts, research groups and sector associations have called on us to reform our tax system and move to a value-added sales tax structure. More than 130 countries have adopted a value-added tax. In fact, every country in the OECD save

the United States has a value-added tax, as do four other Canadian provinces, and just last week the province of British Columbia announced that it too would move to a single sales tax. It is the way modern, globally competitive jurisdictions do business.

Let's be clear: Overall provincial government revenue would not increase as a result of this package of proposed tax reforms. Let me also be clear: It is imperative that we take this step. This reform package would provide significant tax relief for Ontarians. This tax reform is fundamental to building a powerful economy capable of supporting strong public services and a good quality of life for all of us.

During difficult times, Ontarians expect their governments to work together. This proposed single sales tax is a result of both the provincial and federal governments working together. This renewed partnership would foster economic growth while providing significant support to the province through the transition period.

As a means to this arrangement, the federal government is providing Ontario with \$4.3 billion over two years, as well as flexibility for a number of made-in-Ontario components of the tax, such as the ability to provide point-of-sale exemptions for certain consumer goods.

We know that for some items and for some people, it would mean price increases. That is why we will help Ontario families with the transition to a single value-added sales tax. To this end, I introduced \$10.6 billion of tax relief over three years for people that includes permanent personal tax cuts and direct payments to Ontarians.

We plan to cut the tax rate on Ontario's lowest tax bracket from 6.05% to 5.05%, a decrease of 16.5%. This means Ontarians would pay less on the first \$36,848 of taxable income, and Ontarians with modest incomes would now pay the lowest income tax rate of any Canadian province. Ontario families and individuals earning less than \$80,000 would see an average 10% cut in personal income tax.

In addition, to protect low- and middle-income families, the province would also introduce a permanent value-added sales tax credit of up to \$260 for each adult and child in those families. This sales tax credit would be one of the most generous in Canada. Taken together, these initiatives would provide an ongoing, permanent tax reduction for people of more than \$2.3 billion per year.

Furthermore, we will provide point-of-sale exemptions for the provincial portion of the proposed single sales tax for children's clothing and footwear, children's car seats and car booster seats, diapers, books—including audio books—and feminine hygiene products.

Finally, to help with the transition to a single sales tax, every eligible family in Ontario with an income below \$160,000 would receive three payments from the provincial government totalling \$1,000. The first payment would arrive in June 2010, the second, just before Christmas next year, and the third, in June 2011. Eligible

single Ontarians earning less than \$80,000 a year would receive three payments totalling \$300.

Competing in a globalized economy demands that Ontario businesses be more competitive than ever. We need our businesses to grow stronger and hire more Ontarians. A single value-added tax would make Ontario more competitive and would save businesses more than \$500 million a year in paperwork costs.

While our proposed single sales tax would do much to increase business productivity, we need to do much more. To support small businesses, the backbone of this economy, we proposed an 18% cut to the corporate income tax rate for small businesses effective July 1, 2010, taking the rate from 5.5% to 4.5%. We also propose to eliminate the small business deduction surtax. This clawback is a barrier to growth. Ontario would be the only jurisdiction in Canada to end this barrier to growing businesses.

We also propose to strengthen our businesses by reducing Ontario's general and manufacturing corporate income tax rates. Starting on July 1, 2010, Ontario's general corporate income tax rate would be reduced to 12% from 14%, which is a 14.3% reduction. The general rate would be reduced to 10% on July 1, 2013, which is a further 16.7% reduction.

Ontario's manufacturing and processing corporate income tax rate, which includes all manufacturers as well as logging, farming, fishing and mining, would be reduced to 10% from 12% starting July 1, 2010, a 16.7% cut. In total, the government is proposing \$4.5 billion in business tax relief over three years that would lower business cost, enhance Ontario's competitiveness, support growing small businesses and ultimately, and most importantly, create jobs in Ontario.

This comprehensive tax reform package, once fully implemented, would cut Ontario's marginal effective tax rate on new business investment in half, making Ontario one of the most competitive jurisdictions in the industrial world in terms of the taxation of new capital investment by corporations. To put this in perspective, Ontario's marginal effective tax rate on new business investment would be half the rate in the United States. Also, at 18.6% in 2010, it would be lower than the OECD average of 21.8%. By 2018, Ontario's tax rate would fall even further, to 16.2%.

This unprecedented tax reform will make our businesses better able to compete and succeed in the global economy. Overall, this is the most important tax reform we can make to inspire growth across all sectors and kick-start the rebuilding of our manufacturing and resource industries. The result of all this would be the ability to spur economic growth, create a green economy and maintain the kind of public services Ontarians expect as we come out of the global recession.

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It is important, Mr. Chair, to note that this is the single most important thing we can do to get people back to work. This is about creating jobs. Opposition to this package implies opposition to what I would term the

most progressive steps we can take to create jobs in the coming years.

Finally, I'd like to address three key features of the proposed single sales tax.

To improve affordability for more Ontario homebuyers and support the housing industry, we propose measures for new housing that would enhance our comprehensive tax package. With the enhanced new housing rebate, the most generous of its kind in Canada, new homes across all price ranges would receive a 75% rebate of the provincial portion of the single sales tax on the first \$400,000. Effectively, the provincial portion of the single sales tax would be charged only on the amount of the purchase price over \$400,000. For new homes under \$400,000, this would mean, on average, no additional tax amount compared to the current retail sales tax embedded in the price of new homes.

New rental housing would receive a similar rebate, and for some purchases of new homes that straddle the implementation date of July 1, 2010, the provincial portion of the single sales tax would also not apply, depending on when the written agreements of purchase and sale were entered into and when ownership or possession is transferred.

To help ensure that our tourism sector has the resources it needs to attract more visitors and alleviate the impact of the single sales tax, we would also provide \$40 million annually for destination marketing to Ontario tourism regions once they are established. Also, we would ensure that, on average, the net effect of the provincial portion of the single sales tax on Ontario's municipalities, universities, colleges, school boards, hospitals, charities and qualifying non-profit organization sectors would be fiscally neutral for each of these sectors.

To ensure that we lead by example, our government has introduced a number of restraint measures to build on previous efforts. For example, our 2009 budget froze MPP pay for one year. Our government is also planning to make Ontario Buys mandatory and permanent. This program will require our hospitals, schools and other broader public sector partners to leverage their buying power and save money on the products and services they buy. Our government will become more efficient by reducing the size of the Ontario public service by 5% over the next three years through attrition and other measures.

The final principle that will guide us as we return to balance is equity. All Ontarians must have the opportunity to reach their full potential. Ontario's strength comes from its people and so we need to ensure that all Ontarians can participate to the fullest in the new economy. We are working with Ontario's aboriginal communities and the mining sector to modernize the Mining Act, while ensuring that it continues to promote balanced development to benefit all Ontarians and support a vibrant Ontario minerals industry.

To ensure Ontario's economy becomes even more competitive, innovative and sustainable, our green initiatives in the Green Energy and Green Economy Act

will make it easier to bring renewable energy projects to life and, most importantly, create some 50,000 jobs in the first three years.

In budget 2009, we announced we would be moving forward with a \$250-million loan guarantee program to support aboriginal participation in energy projects. These initiatives will also further enhance Ontario's reputation as an attractive location for renewable energy investment.

As I mentioned earlier, we are also committed to \$32.5 billion for infrastructure investments, supporting more than 300,000 jobs over the next two years. Our budget will create jobs now all around the province.

The next task is to ensure that we are ready for the jobs of tomorrow. Ontario's economy must become more competitive, innovative and sustainable. To take advantage of Ontario's emerging green economy, the budget proposed more than \$300 million in initiatives. These include an emerging technologies fund, enhancements to the innovation demonstration fund, a strategy to help prepare workers for tomorrow's green-collar jobs, and new research to promote green economic development. Innovation is the key to unlocking tomorrow's jobs. To build research infrastructure and support life science research, green technologies applied research and genomics research, we are investing more than \$700 million.

We are investing in our successful creative sector, helping with cultural tax credits and support for digital media. Ontario's creative and entertainment sector is the third largest in North America by employment, after California and New York. Our enhanced film and television tax credit rates were made permanent to create predictability and stability for the industry.

The budget increases training support for the unemployed. We are expanding training and literacy programs and proposing to make the apprenticeship training tax credit the most generous of its kind in Canada. We're also providing funding to support more than 100,000 summer jobs for students this year.

At the same time, we recognize that average federal employment insurance benefits for unemployed persons are about \$4,000 a year less in Ontario than in other provinces. Ontarians demand equitable access to employment insurance from the federal government so that the people of this province are treated the same as people right across the country.

We are taking immediate steps to help manufacturing and small business. For example, we are extending the fast writeoff for new manufacturing and processing machinery and equipment investments and providing a temporary 100% writeoff for new computers.

The 2009 budget also provides assistance to the agricultural sector and to northern communities with investments to improve infrastructure. It supports the forest products and mining sectors with initiatives to help increase our exports.

In late April, I went on a very productive international trip where I met a number of investors in Dubai, Abu Dhabi, Saudi Arabia and London, England. What was

made clear to me was that, increasingly, investors from around the world are looking to Ontario as a place to invest, and with good reason. With the budget initiatives I announced in the spring, I believe now more than ever that our province represents a prime investment opportunity. Now is the right time to signal to the international investment community that Ontario is a great place to do business. Ontario is Canada's economic engine and the seventh-largest economic jurisdiction in North America. The province's GDP is greater than many countries; for instance Belgium, Greece or Sweden.

Ontario has a very diverse economy, with services contributing 73% to GDP. We are home to the country's leading information and communications technologies and bio-industries. We have an exceptionally well educated and skilled labour force. We are an export-oriented economy; an advantage, given our prime location to major US cities. Investing in Ontario provides extraordinary access to a North American free trade area market of about 440 million people. And that's just the beginning.

Ontario is open for business. Open for Business is the Ontario government's ongoing plan to make government work faster and friendlier for families and businesses while protecting the safety of our communities. Our plan is to reduce the regulatory burden by 25% over the next two years.

We are working with other Canadian jurisdictions to establish a single securities regulator headquartered in Toronto, and also collaborating with the industry to promote the development of Toronto as a growing global financial centre. A common securities regulator is a key building block in solidifying Canada's otherwise strong international reputation for excellence in the regulation of our financial institutions. Given the significant role that Ontario's financial sector plays in Canada's markets, we believe that it is both appropriate and logical that the headquarters of the common securities regulator be here in Toronto.

Ontario can only move forward when all of us move forward together. The McGuinty government has launched a comprehensive strategy to reduce poverty. Today's economy makes the uphill track to achieve that goal steeper and more rugged. Accordingly, to ensure that each of us has the chance to reach his or her full potential, the budget proposed investments in people, children and families, in social housing, in social services and low-income tax relief. As announced by the Minister of Children and Youth Services, we raised the maximum annual Ontario child benefit to \$1,100 per child this July, a full two years ahead of schedule. The government is also increasing social assistance rates by 2% in 2009. To help families, we have raised rates by 11% since 2003. The budget provided stable funding for rent banks, which will help thousands of families stay in their homes. To help build new homes and improve existing social housing for families, seniors and persons with disabilities, both levels of government are investing over \$1.2 billion. When we do return to growth, these in-

vestments will help ensure that every Ontarian has the opportunity to participate in the new economy.

0930

To maintain and enhance the public services that we need, we must build the next generation of growth. This will not be easy. It will not happen overnight, and it's going to take all of us working together.

The comprehensive tax package is the single most effective step we can take to position our economy for future growth. It would help our businesses be more competitive, preserve jobs and strengthen the economy in the longer term. This reform would help Ontario create the wealth we need to support the best publicly funded schools for our children and the best public health care for our families. It will help ensure that we have the strongest environmental protection for our communities and the most compassionate support for the most vulnerable.

Each generation of Ontarians has risen to the challenge of its day. We have seen economic setbacks, and on every occasion we have risen past them. The task of leading Ontario through this recession and beyond to the next generation of growth falls to all of us. We are taking up that challenge confidently and with determination, as did those who came before us.

Thank you for your time and attention.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, Minister. You have a couple of minutes left, if you want to make any final closing remarks.

Hon. Dwight Duncan: I think I covered all the bases I wanted to, Mr. Chair.

The Vice-Chair (Mr. Garfield Dunlop): Okay. We'll now go to the official opposition. Mr. Miller, you've got 30 minutes to make comments and/or you can begin to ask questions if you wish.

Mr. Norm Miller: Thank you very much, Mr. Chair. It's a pleasure to be here today to question the Minister of Finance in estimates committee and, as the minister pointed out, in my new job as finance critic. I've had the job all of two days, so I will be assisted by my colleagues here as well, including the other Norm, Mr. Sterling, who has been the interim finance critic.

I do look forward to the opportunity to question the minister, in particular, starting out just with budgeting in general. I think the track record of the government has been very inconsistent since 2003, in terms of budgeting. You make a budget at the beginning of the year, and, hopefully, at the end of the year—which in the case of the Ontario government is April 1 of one year to March 31 of the next year—the end result should look something like what was printed in the budget at the beginning of the year.

I have the 2009 Ontario budget before me—and certainly the record of this government has been awful. We've seen in the past, in the five good years from 2003, that whenever there was extra revenue, all of a sudden the budget went up by \$4 billion or \$5 billion, whatever the extra revenue was. Every dime of extra revenue was spent, so the budget was basically thrown out the

window. We've seen in the past, since 2003, the budget go from \$68 billion to a plan this year of \$108 billion, a 59% increase in spending, some \$40 billion each year now in additional spending.

First of all, you just released your first-quarter report and in that, all of a sudden the deficit is going up by \$4.4 billion. I think you justified it because of aid to the auto sector and also because of changes in revenue projections.

I would simply begin by asking, were you not aware that you were going to aid the auto sector well in advance of the budget? I'm sure you were in talks with the auto industry. Also, how could your revenue projections be off by so much? We're just barely into the year, we're a quarter into the year, and all of a sudden the deficit prediction has gone from \$14.1 billion up to \$18.5 billion. The only thing I would say on that is that you're being consistent, in that the budget at the beginning of the year doesn't look anything like the budget at the end of the year, and that has been consistent throughout your whole term of government. So how can you be so wrong on this year's budget, Minister?

Hon. Dwight Duncan: Are we doing questions now?

The Vice-Chair (Mr. Garfield Dunlop): Please go ahead.

Mr. Norm Miller: Yes.

Hon. Dwight Duncan: Thank you for the questions and the observations. I would say, first of all, that we rely on private sector estimates of growth in the economy, which have been revised on a number of occasions. Indeed, they get revised monthly for our projections. You'll note, for instance, that the Conservative government in Ottawa has had to revise their deficit figure by quite a bit more than we did, both in absolute and relative terms. It is difficult to project revenues, and I would remind the member that it only takes about a 1% variance in revenues to affect a budget by literally billions of dollars. So the amounts and the percentage changes—a small percentage change can result in a very large dollar change and that is a challenge that's being experienced by governments right around the western world, including the United States and, I might add, Canada. I remind you, for instance, that Prime Minister Harper said as recently as December that Canada would have a balanced budget this year and each of the next four years. Of course, those projections turned out to be quite wrong. So it is difficult.

One of the things we did with respect to accountability and transparency was to introduce the Fiscal Transparency and Accountability Act when we first came to office, which requires us to give quarterly updates to the Legislature and to the people of Ontario with respect to changes and variances in the budget. That was something that was absent before. For instance, in the 2003 budget, the government of the day projected a balanced budget and in fact had a \$5-billion deficit. I remind my colleague, Mr. Miller, that as soon as we became aware of the changes and could crystallize or at least say with

confidence, we reported them to the people of Ontario at the beginning of June.

So budgeting at this point in time is challenging, there's no question. And yes, the member is right: He does point out our record in balanced budgets over the previous years, and we did make investments in health care and education. I've got a raft of letters from the member asking us to spend more money on hospitals and schools in Parry Sound–Muskoka and provide those kinds of services to reduce wait times. I've received correspondence from the member on those kinds of issues. So in fact, in the past, while we balanced budgets and paid down the debt, we did make those investments and we're very proud of them and we're very proud of what we've achieved.

Now to the second part of your question, with respect to the automotive deal, we did not expect the Obama administration would come to the table with \$50 billion for General Motors and say to the government of Canada and the government of Ontario, "If you don't come to the table with your percentage or your share, that 20%, then we will in fact do it ourselves." That would have been devastating to communities like Oshawa. I know I heard from your colleague, Mr. Ouellette, on a number of occasions about the importance of standing behind General Motors. It would devastate St. Catharines. I know in the Niagara Peninsula, Mr. Hudak was very concerned about those jobs in St. Catharines. We have lost a number of auto dealerships across small-town Ontario as a result of the deal that was constructed but we've also been able to preserve a number. The price of that did come in higher than we anticipated. Again, we were pleased to partner with the government of Canada in that investment, recognizing the significance of the automotive sector, as I indicated, to those communities that are directly impacted by Chrysler and General Motors.

In my community of Windsor, part of the Chrysler deal—we had an announcement last week that the main plant there is now going to three shifts a day. That's got people working again, and that was not anticipated. So that is a bit of good news. The Windsor transmission plant, the General Motors transmission plant, called their workers back to work nine weeks ahead of schedule. So I think those—

Mr. Norm Miller: Excuse me. On the—

Hon. Dwight Duncan: I'm answering your question.
0940

Mr. Norm Miller: I just want to interrupt you on one point, on the auto sector part of it, just so I don't forget. What was the total amount that you—

Hon. Dwight Duncan: Four billion dollars, and that's duly reported.

Mr. Norm Miller: And of that, how much do you expect to recapture in the future?

Hon. Dwight Duncan: Unlike the Prime Minister, I think we're going to recapture it. I have great faith in the working men and women of Ontario. I have great faith in Oshawa, St. Catharines, Bramalea, Windsor. I believe

that the jobs—literally hundreds of thousands, directly and indirectly related to the auto industry—are going to grow.

I look at the remarkable progress of the Ford Motor Co. and the product line. I see my colleague from Oakville, who fought strenuously for protection of the automotive sector here in Ontario.

Mr. Norm Miller: Excuse me, but when do you expect this \$4 billion to be recaptured?

Hon. Dwight Duncan: You'll know the deal that was laid out, and there are provisions for a return and so on. So I think we're seeing positive signs on both the US and Canadian sides.

Again, my colleague from Oakville, Mr. Flynn, who chairs the automotive caucus for us, worked with the industry along with the federal government in arriving at these arrangements, which I think are going to pay enormous dividends.

I remember back in 1980, there were loan guarantees granted to the Chrysler corporation by the governments of Canada and the United States. Indeed, Mr. Miller, I think your father was part of that. Those loan guarantees were removed four years ahead of schedule. The loans themselves were never actually executed, and indeed the products and plants that were saved as a result of those wise decisions that were taken by the provincial and federal governments of the day are still producing products, employing people and paying taxes. So I'm confident that we will see our money back, and I'm confident that communities like Oshawa, St. Catharines, Windsor, and indeed communities across Ontario, will benefit from the arrangements we have with the federal government.

Mr. Norm Miller: Sorry. I didn't hear any specific timeline, so I gather from that that you're not sure of a timeline of when you might expect to recover—

Hon. Dwight Duncan: Well, there are a number of variables involved. As I say, at this point in time, I think what's important is that people are working and back to work. In terms of timelines, the most important timeline, in my view, is that we've been able to preserve thousands of jobs here in Ontario.

Mr. Norm Miller: Continuing, the minister mentioned increased spending. There's no doubt the government has greatly increased spending in its term of office, as was pointed out. In rough figures, the budget was \$68 billion when you came into power, and now, in this year, you're planning on spending \$108 billion. I guess my question is that we just aren't necessarily seeing, on the ground, the benefits.

You mentioned Parry Sound-Muskoka and health care. Well, I can tell you that every year it seems to get more difficult for my particular riding. In fact, right now the big issue up in my riding is that the Burk's Falls health centre is closing, and the people are all up in arms. I'm concerned about that. And there have been cutbacks in services, as part of the health care system in Parry Sound-Muskoka—that's Muskoka Algonquin Healthcare—continues to struggle with a deficit. Right now, I

think the deficit for Muskoka Algonquin Healthcare is \$2.3 million, and they have \$7 million in accumulated debt. They seem to be getting deeper in the hole all the time, despite trying to—not trying, but making cutbacks in services. So we know you're spending money; it's just that on the ground, for the average person, they're not necessarily seeing it. In fact, they're seeing cutbacks.

It could be because in health care, a lot of money went to creating a new bureaucracy, the LHINs, the local health integration networks. So at a point two years ago, when Muskoka Algonquin Healthcare's deficit was \$1.6 million, that happened to be the exact amount that the Simcoe Muskoka LHIN spent on office furnishings and upgrading their office. I would argue that that money would be better spent actually providing nurses and helping people on the ground.

I'd like to continue with the deficit. It was planned to be \$14.1 billion this year, 2009-10; then, forecasting forward, in 2010-11, it would be \$12.2 billion; in 2011-12, it would be \$9.7 billion; in 2013, it would be \$8 billion; in 2013-14, \$5.8 billion; and 2014-15, \$3.1 billion. Obviously, you just added \$4 billion on it, and who knows what else is going to change from now until the end of the year. What has this extra \$4 billion done to your plan to eliminate the deficit?

Hon. Dwight Duncan: I'd like to thank my colleague. First, to his comments about Parry Sound-Muskoka, I agree with him. There's still more to do on providing health care in Ontario to our citizens. That's why I don't understand why he wants us to cut health care spending and why his leader wants to cut funding to hospitals—

Interjection.

Hon. Dwight Duncan: Well, I mean, that's what you have proposed.

Mr. Norm Miller: No, I said spend it more wisely.

Hon. Dwight Duncan: Again, I'm just trying to answer the comments. You raised them, and your party has proposed an enormous cut to health care. I think the rate of growth—

Mr. Norman W. Sterling: That's a lie.

Hon. Dwight Duncan: No, it isn't a lie, and I'm surprised you've done that.

Mr. Norman W. Sterling: That's a lie.

The Vice-Chair (Mr. Garfield Dunlop): Please, Mr. Sterling, could you withdraw that? We don't want that.

Mr. Norman W. Sterling: I'll withdraw.

The Vice-Chair (Mr. Garfield Dunlop): Come on, let's try to get this civil and keep it that way. We've got a long day here.

Hon. Dwight Duncan: Well, I was asked specifically about Parry Sound-Muskoka, and I'm going to reiterate that we believe that we should be investing in health care. We have invested enormous amounts in reducing wait times, investing in both the capital and operating that we need. As I indicated in my opening comments to the member, we've increased the number of doctors, the number of nurses that are available. We believe that, and we're going to continue to do that in spite of the challenges to our economy. We think that's important.

With respect to expenditures in the budget, I remind the member that in 2008-09, our expense growth has been held to 0.8% compared to 2007-08. The rate of growth in government expenditure has been kept below the rate of growth in revenues over most of our term. The rate of overall growth in expenditure from the beginning of term to the end has been very consistent with that of previous governments, recognizing the tremendous rate of growth particularly in health care. You just can't have it both ways. You can't say, on the one hand, "Limit expenditures or cut expenditures," and then, "Keep health care growing." So I think when you look at the overall numbers, you'll see that, in fact, as the rate of growth in the economy has slowed, we have seen a reduction in the rate of growth in our expenditures due to a number of policies that the government has undertaken.

I'd also point out that governments elsewhere, and indeed throughout the western world, have said things—for instance, Jim Flaherty, the federal finance minister, says that "long-term damage ... can result from misguided attempts to balance the books during a historic global downturn." That was Mr. Flaherty, who used to be one of our colleagues—I know he sat in your caucus—and is now the federal finance minister, talking about the need for deficit financing at this difficult time in our history.

I can tell you that economists such as Don Drummond—he says, "I don't think it is appropriate to ... slash spending to try to avoid a deficit" at this point in time.

Paul Krugman, the Nobel economist of the New York Times, says, "Concerns about the budget deficit should be put on hold.

"The responsible thing, right now, is to give the economy the help it needs. Now is not the time" to focus on the deficit.

So we have followed the lead of the federal government and the advice we received from economists. Our deficit as a percentage of GDP and as a percentage of revenue is still very strong relative to other jurisdictions, and we think the kinds of investments we're making in infrastructure right across the province are indeed prudent and a good use of taxpayers' money.

Mr. Norm Miller: My specific question was, what was the extra \$4 billion going to do to the plan to get out of the deficit? That's what I would like some clarity on.

And to your point, I'm not arguing against the need for a deficit. I would argue that our deficit is far greater than it should have been, had you been more prudent, as you like to say, in the times that were boom years for five years. If the government had been more prudent, then we wouldn't be looking at an \$18-billion deficit right now. But I would like to know what this extra \$4 billion is going to do to the plan to get out of deficit, because I am skeptical about your plan to get out of deficit.

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Hon. Dwight Duncan: First of all, understand that of the additional \$4 billion, a good part of that is from the automotive sector investments, as I pointed out. For in-

stance, Chrysler has moved to a third shift at its Windsor assembly plant, which will produce both corporate taxes as well as personal income taxes from the people who work there. We have managed to preserve, I think, 7,000 direct jobs in the automotive sector and countless other indirect jobs. Those people will pay taxes. We think it's a good investment.

The other major contributor to that \$4 billion in the first quarter was a decline in those very tax revenues.

So we think that the plan we've laid out, in fact, and that expenditure will indeed help over time to increase revenues again and get us back to a point where revenues are growing, so that we can continue to make improvements to the health care and education systems.

Mr. Norm Miller: Does it mean, though, that we won't be out of deficit in 2014-15 as planned?

Hon. Dwight Duncan: No, we believe we can stay on track with that. As I indicated to the member, over a five-year period, a 1% or 2% variance can make an enormous difference. So when we announced the revised deficit figure, we did say at the time that we believed that over that period of time we can in fact get back to balance. Clearly, we would have preferred not to see the deficit increase the way it did, but again, contingent on growth coming back in the US and Canadian economies, we do believe that we can still track to that time frame in terms of balancing the budget.

Mr. Norm Miller: In your plan to eliminate the deficit, as from the budget document, I guess the reason I'm skeptical about it is that in the plan, you need to greatly limit your program expense growth. In fact, reading from your budget, it states: "For this reason, during this same period, program expense growth will be held to an average annual growth rate of 2.3% in order to achieve balance while protecting core public services."

It's my understanding that your record over the past number of years has been far higher; the spending each year and your growth in spending have been far higher than that. So how do you think that, going forward, you're going to be able to suddenly reduce it dramatically?

Hon. Dwight Duncan: Our government, throughout its mandate, has pursued a policy where, save and except one year, our rate of growth in expenditure was below the rate of growth in revenues. In the last year, for instance, as I pointed out, the rate of growth in program expenditures was 0.8%. We have laid out the beginnings of an expenditure control program in this budget and last budget, and taken a number of steps. As I indicated in my opening statement, we do have work to do.

Again, the real cost driver for us and the real challenge for all of us in the coming years is going to be health care and education, those very services that Ontarians value.

We've actually taken, I think, a fairly long-term view about deficit elimination. We think the numbers are realistic and achievable. Again, we will report quarterly and annually as to progress, or lack of progress, in that regard.

But again, I think you always have to keep in mind that when you're talking about program expenditure, you're talking about health care, in large measure. So we believe that we need to move prudently, because you're quite correct: There is much more to do in terms of wait times. There are challenges in the system. Those challenges will likely grow over the coming years. We are trying to take what I would call a prudent approach to managing both sides of the equation.

Mr. Norm Miller: So just out of curiosity, then, what was the lowest annual increase in program spending since your government was elected?

Hon. Dwight Duncan: Last year, as I pointed out, it was 0.8%.

Mr. Norm Miller: Okay. And in the years previous to that?

Hon. Dwight Duncan: I don't have those specific figures, Mr. Miller. I can tell you that if you look at them, I think you'll find that in each year, save and except one, the rate of growth in program expenditure was lower than the rate of growth in revenues. That's why we were able to—

Mr. Norm Miller: So other than fiscal year 2008-09, which was an exceptional year, has the growth in spending ever increased less than 3.6%?

Hon. Dwight Duncan: I'll double-check the numbers, but our goal has always been to keep the rate of growth in program expenditure below that of the rate of growth in revenue. I think we did that in each, save and except one year.

I would point out that we've also balanced the budget, paid down debt and invested in infrastructure. As well, by the way, we've paid down some of the stranded debt—I think close to \$2 billion, Serge, on the stranded debt of the old Ontario Hydro?

Interjection.

Hon. Dwight Duncan: Yes. In addition, we've paid \$2 billion off on the stranded debt of Ontario Hydro. That was paid for by the debt retirement charge. So over the course of our government's mandate, we've balanced budgets, we've invested in health care and education, and I think it's the balance that Ontarians wanted to see.

Mr. Norm Miller: Given that program spending has increased on an annual rate of 7.4% since your government was elected, how do you intend to halve that, or more than halve that?

Hon. Dwight Duncan: We've already begun that, as you'll see. In the most recent year when we began to see the decline in the rate of growth of revenues, we began to rein in the rate of growth and expenditures relative to revenue. I think it's always important to keep that in mind. If you look at the previous eight years, you'll see that there were relatively large rates of growth and expenditure in years when there were rates of growth in revenue. I think that reflects that governments have a range of policy options. Some choose to cut taxes; some choose to invest in programs and services. We've done a combination of those things as well as paying down some debt.

Again, I look forward to getting back to balanced budgets. It's going to take us a long time. I've delivered, myself, two balanced budgets out of three, and our government is proud of that track record and we want to get back there. But there has to always be that balance, recognizing, particularly in times like this, that it's important, as many people have noted, that governments make the kinds of investment in infrastructure that we're making on an ongoing basis, that we continue to understand the challenges in health care, particularly one that you raised, Mr. Miller, both in the context of your local riding—and I think you are well aware of the challenges in the province. So we strive for that balance, as do all of us, and we believe we've got the right balance.

The Vice-Chair (Mr. Garfield Dunlop): We're down to about four and a half minutes at this point.

Mr. Norm Miller: Thank you. So are you going to have to cut programs and services when you cut your spending in more than half, your spending growth?

Hon. Dwight Duncan: As I indicated in the budget, I think we have to look at what I would call a transformative agenda in the years going forward, looking at everything that government does, how we do it. One of the examples we outlined in the budget was something called Ontario Buys, which is a procurement process that we plan to make compulsory that's been voluntary up until now. We estimate there are considerable savings.

I think most Ontarians want us to take what I would call a constructive approach to this so that we can, again, maintain the important services they demand but at the same time provide those services as efficiently as possible. Every year, we have taken steps to do that. I think you're right. With the state of the deficit, there's a greater urgency to that.

I think all of us will be talking about a transformative agenda, going forward. There will no doubt be difficult decisions for governments and for all of us in elective office. Again, as the government, the McGuinty government will try to find the right balance in the context of all the various services that the people of this province need and want.

Mr. Norm Miller: Again, you mentioned health care as being one of the biggest—it is the biggest ministry in the provincial budget. We've seen wasted spending or untendered contracts in eHealth, the electronic health record. In the spring, we were told that was \$5 million in untendered contracts. The article by Keith Leslie yesterday, in I believe it was the Toronto Star, states that Courtyard Group received, in addition to that, an \$8.5-million contract. Is this true?

Hon. Dwight Duncan: I haven't seen the most up-to-date figures, but it's obvious there were problems with untendered contracts there. I believe we've dealt effectively with it in the context of eHealth Ontario and looking at what other agencies the government of Ontario are—I think the member raises a very valid point about the need at all times to be cognizant of tax dollars, to make the most efficient use of them, not only directly in

the public service for Ontario but in our agencies, our boards, our commissions, as well as in the broader public sector. Again, I would invite the member to look at the context of the rate of growth in health care expenditures, even in a constrained environment, and the order of magnitude of health care expenditures relative to the provincial budget. The member is quite right that you have to watch those things, you have to have the best controls possible. Sometimes you find out that you don't, and you move as quickly as you can to put them in place.

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Mr. Norm Miller: On that point—

Hon. Dwight Duncan: We are going to continue to be challenged, even in a constrained environment, on the health care side—

Mr. Norm Miller: Why did you cancel the third party review, then, of eHealth?

Hon. Dwight Duncan: My understanding is that the Provincial Auditor is doing the review, and we have great confidence in the Provincial Auditor.

Mr. Norm Miller: But he was doing the review before you decided to have the third party review, and now you've just cancelled the third party review.

Hon. Dwight Duncan: My understanding is that the Provincial Auditor is doing the review, and we will rely on the judgment of the Provincial Auditor in these matters.

Mr. Norm Miller: You knew the Provincial Auditor was doing a review before you decided to have a third party review, and now you've cancelled the third party review.

Hon. Dwight Duncan: Again, I will share with you that we have confidence in the Provincial Auditor and his work. Again, my colleague the Minister of Health could give you more details on that issue.

The Vice-Chair (Mr. Garfield Dunlop): Okay, that pretty well cleans our time up on this first rotation, the 30 minutes for the official opposition.

We'll now go to the third party. They have 30 minutes for comments and/or questions to the ministry.

Mr. Michael Prue: I'm going to forgo the comments. I'll go straight to the questions.

I want to deal, first of all, with the HST. You've spent most of your time talking about the HST. I want to get some clear numbers and I want to get some clear balance, so I ask you to bear with me. I want you to get away from and not answer in terms of how business is expected to pass on savings with lower prices and the impact of personal and corporate income tax changes. We'll get to that in a minute. But what I want to know first: How much more would the average individual consumer and average household pay in higher sales taxes as a result of the harmonized sales tax being applied to goods and services that were previously exempt? I don't want an answer that says they're going to get money back. How much more are you going to make—and then we'll deal with the others later. How much more is that going to bring in?

Hon. Dwight Duncan: I can't answer the question outside of the context of the government's tax policy, and I won't answer it outside of that context. It would not be a complete answer.

What we have said, and I will indicate again, is that first of all, in terms of the sales tax itself, for low-income families and moderate-income families, we have the most generous sales tax credit possible. I will provide you—and in the budget and the budget papers there are a number of documents that outline the impact of the harmonized sales tax on different categories, different family structures, different income levels. Most Ontarians will see a reduction in their overall taxes.

And you simply can't ignore what the experience in other provinces has been in terms of the pass-through of the input tax credits—the work that has been done by the C.D. Howe Institute, the work that has been done by a number of others, the arguments put forward by the federal government with respect to the efficiency of that tax.

Overall, because of the tax package we've provided, most Ontarians will see an absolute decline in the taxes they pay.

Mr. Michael Prue: If you won't answer the question, how do you expect the public to understand whether in fact this is revenue-neutral, as you claim?

Hon. Dwight Duncan: I have answered the question, and I'll answer it again. The government brought forward a package of tax changes, including the harmonization of the provincial sales tax with the federal GST. As part of that tax package, we're reducing personal income taxes, we're reducing corporate income taxes. The arguments in favour of the harmonized sales tax are that the input tax credit savings that businesses have will eventually be passed on to consumers. There's some debate in the literature with respect to how fast that will happen. But overall, we believe the tax package is in the best interests of Ontarians and that many Ontarians will in fact pay less in taxes.

Mr. Michael Prue: How could they possibly pay less in HST when new items are being added?

Hon. Dwight Duncan: There is a tax credit for modest-income families. That's why we've had the support of a range of groups that work to promote the interests of families and individuals with more modest incomes. There are personal tax cuts associated, particularly for those people with more modest incomes. So ours is a tax reform package, and we took a whole view of the individual tax burden. This is, in fact, about a competitive tax environment, and as I pointed out in my speech, we'll now have the lowest rate of taxation on the first bracket of income in the country, by way of example.

As I said, there were, as part of the budget, appended—and we can provide you with more—specific case examples of how families will be impacted by the overall package. I'll be happy to table those, again, with the committee so people can see that.

Mr. Michael Prue: You said that most families will get a tax decrease, but if it's revenue-neutral, that means some will get a tax increase. Who will be getting a tax increase?

Hon. Dwight Duncan: I would think higher income earners, very high income earners, who consume a considerable amount, but again, a very high percentage—in fact, the majority of Ontarians—will overall see a decrease in their taxes. It is certainly revenue-neutral to the government over time. I detailed in my opening remarks the projections with respect to tax savings on the income tax side to consumers and businesses. Those numbers are outlined, again, in some detail in the budget.

Mr. Michael Prue: Well, let's go back to the budget. During the budget lock-up, ministry officials provided graphs to show the impact of the tax on different types of households. Do you still have those graphs?

Hon. Dwight Duncan: Yes, we have a range of them. Deputy, do you want to—

Mr. Michael Prue: If you can tell me—perhaps the deputy minister can tell me who's going to end up paying more tax.

Mr. Peter Wallace: I'm going to ask Steve Orsini, who's the assistant deputy minister for the office of budget and taxation, to speak to this.

The Vice-Chair (Mr. Garfield Dunlop): Just state your name, sir.

Mr. Steve Orsini: Steve Orsini, office of budget and taxation of the Ontario Ministry of Finance.

The Vice-Chair (Mr. Garfield Dunlop): Thank you.

Mr. Steve Orsini: Let me just speak to a couple of points, in terms of, "What do you include when calculating the net change in tax?" Like the federal government, we have a GST—or equivalent—credit that's paid quarterly to people. The government had created a balance in terms of providing tax relief for people—for example, point-of-sale rebates—but also delivering tax relief through a number of other mechanisms, through the personal income tax system by generous property and sales tax credits. Like the federal government, they net off their GST revenue, their sales tax credit, because it's a way of delivering the relief. It's integrated as part of the calculation, so it's very difficult to separate the two.

In terms of what it means to individuals, it really depends on their consumption patterns. But we laid out, in quite considerable detail, on page 134 of the budget, what it means in terms of the fiscal plan for each line item. I think we actually went into greater detail than normal—we added an extra fiscal year. If you look on page 134, the net change in sales tax, the amount of sales tax revenue that the province is collecting, goes from—and this shows the change year over year. So from 2009-10, assuming our existing revenue base, to 2010-2011, it goes up to \$1.67 billion. That reflects moving to a single sales tax plus other sales tax changes that were announced as part of the budget.

Then below that, we show all the other ways the government is providing tax relief, in addition to the point-of-sale rebates. That's one mechanism among

many of providing tax relief to people. So for that same year, 2010-11, we have a personal income tax of \$1.1 billion, a sales tax and property tax credit enhancement of almost \$800 million, and then the transitional payment for that fiscal year of \$2.7 billion, for a total of \$4.6 billion in tax relief.

The rest of the table shows what it means for business and the significant tax cuts for business. All these tax changes filter through, and that's why you need to look at the total tax package to assess the nature of the changes overall.

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Mr. Michael Prue: You're starting to answer the first question I asked, and this is what I'm trying to get at. It's \$1.67 billion in extra revenue in the first year. How much in the second year?

Mr. Steve Orsini: The second year is \$2.175 billion, almost \$2.2 billion.

Mr. Michael Prue: Doing fast mathematics, that's under \$4 billion and there's going to be \$4.6 billion in relief.

Mr. Steve Orsini: I gave you \$4.6 billion; that's for one year.

Mr. Michael Prue: Okay.

Mr. Steve Orsini: The next year is \$3.6 billion in relief, and then there are ongoing, permanent personal tax cuts of more than \$2.4 billion going forward.

Mr. Michael Prue: So it is anticipated that although you were going to make some \$4 billion over two years, that this going to be hugely offset.

Mr. Steve Orsini: By a very large margin. The government is proposing \$10.6 billion in personal tax relief. That's quite a sizable amount of relief that's being injected into the economy and to help with the transition.

Mr. Michael Prue: There will be some people, according to the minister, who will end up paying more. Those will be people who are consumers, as opposed to savers, I would take it. If you don't spend the money, you're going to be really well off.

Mr. Steve Orsini: The nature of a value-added tax is to apply the tax to consumption. Our existing sales tax applies to both consumption and goods—capital goods that get embedded in the business production. So that is a tax on capital, which is a tax on investment. Moving to the GST-like base moves it more toward a consumption-based tax; that's correct.

Mr. Michael Prue: Is the risk, in an economic downturn, that people will not buy, that if the taxes go up on consumption and down on saving, people will simply save their money? We're seeing that to a great effect in the United States today and to some extent here in Canada.

Mr. Steve Orsini: The budget is investing more than \$30 billion in capital, there's more than \$4 billion in transitional payments to people, and there's a lot of money being invested in the economy to support jobs and economic growth.

Mr. Peter Wallace: As well to that point, the sales tax is clearly designed to have the implementation more than

fully offset through the combination of income tax changes and other temporary rebates. So it's clearly designed to make sure that as Ontarians do feel the broader tax, there is significant money going back into their pockets to offset any potential decrease in their capacity to spend.

Mr. Michael Prue: We've heard a lot of the number—\$300 for individuals, \$1,000 for families. How many people file income tax as individuals? What percentage? It would seem to me that the majority would file as individuals.

Mr. Steve Orsini: People file as individuals, but you need to report—there are ways to link up family income. So we do it in a lot of different programs as part of a fairness package to assess someone's ability to pay or to target the assistance to those who need it most.

Mr. Michael Prue: So will this be done through the income tax system or some other system?

Mr. Steve Orsini: The transitional benefit will be paid through the income tax system.

Mr. Michael Prue: So if you file as an individual, you're going to have some way of knowing whether you're somehow connected to family?

Mr. Steve Orsini: Yes.

Mr. Michael Prue: I'm thinking about couples who work and perhaps have no children or their children are grown and not dependent. How will they be assessed? As individuals? Will they get \$300 or \$1,000?

Mr. Steve Orsini: As you know, the personal income tax system has a lot of linkages to dependants. So if you're filing as an individual but you're claiming dependants, the tax system recognizes that. If there's a spousal deduction, it recognizes that. It also asks you to report family income. There are ways of ensuring it captures the full family unit. There are a number of different ways; there's not one way in particular. The CRA will be the delivery agent for this and they'll be capturing all that information. They deliver a variety of programs and services now in terms of low-income tax credits, child tax benefits, the Ontario child benefit that we accelerated in the past budget. So there are a number of things that we're doing already. We're building on that infrastructure.

Mr. Peter Wallace: This will be consistent with the way in which other tax relief measures are administered.

Mr. Michael Prue: In terms of the \$4 billion or so that will be made in extra revenues, which are offset—and I don't want us to get into a big argument here; which you have said are offset—how much of that is related to extra costs for energy? Because this is somewhat worrying to me in terms of transportation costs, electricity costs, all of those things. How much of that is going to come from extra monies from taxing energy for the first time?

Hon. Dwight Duncan: I'm going to have to get back to you on that figure, Mr. Prue. I don't think we have that broken down.

Mr. Steve Orsini: The transitional benefit of \$4 billion paid over two years is quite a sizable injection of

tax relief into the system. As we know, with all value-added taxes, and the minister mentioned this earlier in his reference to tax credits, a business will be paying tax on their inputs and generally getting those input tax credits back, and those savings get passed through. So I think you need to factor in that element as well.

Mr. Peter Wallace: Just to amplify that, it's not a straightforward question, whether it's related to this or anything else. We have to remember that taxes are going down as well. As the value-added tax has an impact and replaces what was antiquated and very expensive for business to administer and a very expensive tax on investment, as that falls out, there is a great level of tax relief happening throughout the economy. That is passed through over time, and in that sense we are seeing broad-based tax relief that will have an impact across all sectors, including, of course, the energy sector. But that's a critical part of the piece. It's not, in that sense, easy to simply add up the numbers and get a straightforward answer. It's a fairly complex set of interaction equations.

Mr. Michael Prue: The cost of oil was \$130 a barrel for a while and then it plummeted down to around—I think \$48 or \$49 was the lowest it got. It's back up to \$68. With this new tax adding 5%, revenues obviously will increase as the price of oil increases, or would decrease, conversely, if oil goes down. I think most people figure that oil is probably on a one-way street up, eventually. How will this impact? Will this bring in a lot more money as the price of oil, the price of gasoline, and the price of natural gas continue to rise?

Hon. Dwight Duncan: Steve can answer that.

Mr. Steve Orsini: Just on the issue of if there are price changes within the economy, one thing about adopting a broad-based tax such as the GST is that as prices go up and down across the board, that will affect revenue across the board. So if one commodity price increases and another one decreases, or consumers change their spending habits, they might move from one that's higher in price to something else that's lower in price. So it's really difficult to say that that one increase, that's net new revenue. You'd need to look at the totality of all the price changes overall in the economy. I think, in general, the sales tax is fairly stable because of that, as a revenue source.

Mr. Michael Prue: I know when oil was at about \$130 a barrel, when gasoline was costing about, I think, \$1.40 or \$1.50 a litre, there were many people in the public out there screaming that the one way to reduce the price was to have the government, particularly the Canadian government at that point, reduce its GST or eliminate its GST. Would we find ourselves under such pressure in the future if oil again starts to rise to previous levels?

Hon. Dwight Duncan: I guess I can respond in part to that. Listen, if oil prices go up that dramatically, yes, there will be pressure. In Ontario's case, with our tax on gasoline—as you know, it's a flat tax, and our revenue has actually declined. I'm just trying to find out what we

projected oil's price to be in our budget forecasts. Do you have that, Deputy?

Mr. Peter Wallace: It's \$45 for 2009, rising to \$60 for 2010, \$62 for 2011.

Mr. Michael Prue: Okay, so we're already way past that.

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Mr. Peter Wallace: That reflects the existing private sector forecast.

Hon. Dwight Duncan: That's the average over a year, so we may not in fact be past that at this point in time. As you know, oil prices do go up and down throughout the year. Last year, we did see a spike.

But the point that Steve made with respect to the overall impact of prices, whether it be on a commodity like oil or otherwise—that will impact the government's revenues on the value-added tax.

Mr. Michael Prue: Moving on to a slightly different line of questioning, but staying with HST: University of Toronto economist Michael Smart suggested that 40% of Ontario's retail sales tax comes from business inputs. Can you verify that statistic? Is that true?

Mr. Steve Orsini: There are a number of different studies. C.D. Howe had one at a lower amount. What Michael Smart had also indicated is that the majority of that, if moving to a GST base, is passed through, and the majority of that is passed through in the first year. In his study, he concluded for the C.D. Howe Institute that when it all sort of washes through, there's not a significant impact on consumers at the end of the day, on average.

I think I'll take a second to explain the difference between the sales tax and the value-added tax, just so people understand the terminology.

Our existing sales tax: Yes, it does apply now to business purchases. That's why it hurts investment, and that's why it's a deterrent for jobs and economic growth. When you move to a value-added tax, business pays on their inputs in general and they get input tax credit back. So at each stage of production, right now there's a slice of sales tax that follows through with that price, going through. But with the value-added tax, every time a business pays it, they generally get it back, and so it's clean of that tax all the way to final consumption. Those prices, though, under existing sales tax, are embedded in the price of a good or service at the end of the day. That's what Michael Smart found: that the business collected the tax and paid it, but it ultimately was the consumer who paid at the end of the day. What his study found, looking at the Atlantic provinces, is that when you provide those business input tax credits, the competitive markets are fairly efficient at passing those through, and he concluded that the majority was passed through in the first year. So when they say 40%, that's the collection of it and the remittance of it, but the incidence of it is not the 40%.

That's the crux of understanding the difference between the sales tax and the value-added tax.

Mr. Michael Prue: This is pretty complex, his analysis and your explanation of it. I just want to know how much different business sectors will save as a result of ending the taxes on inputs. Excluding administrative savings, please tell me the estimated annual savings, HST, for—I've got a whole list of sectors here: manufacturing, forestry, mining, construction, real estate, retail, agriculture, finance, and insurance. I know that's a lot, but let's just start. How much do you think that these sectors are each going to save?

Mr. Steve Orsini: I don't have those numbers available. Certainly, in terms of their collecting remittance, those things get passed through.

What I should point out—and I think you alluded to it—is something that is also included in terms of understanding what this means to the cost of doing business. More than 130 countries around the world, as the minister mentioned, have moved to a value-added tax. We know, estimating the cost with the federal government, that having a separate sales tax is more than \$500 million a year in additional compliance costs that ultimately are borne by consumers. Moving to the single sales tax not only provides those input tax credits, but the benefits of eliminating that extra layer of compliance costs will also benefit consumers and businesses down the road.

Mr. Michael Prue: First of all, before you answer, I see how it's going to save \$500 million for businesses. How is it going to save money for consumers?

Mr. Peter Wallace: I'm going to try this and ask Steve to amplify this.

Steve tried to go through—and the reason he took the step back was to talk a little bit about the difference between who pays the tax, in the first instance, from a business, and then the ultimate incidence or impact of that tax. When a business pays that tax and the embedded sales tax and has been for a long time, it cascades through the system. It builds and it builds and business pays tax and then it's sold to another business that pays another tax. That gets embedded in the price of the good.

That then acts as two things, one of which is that it may act as a competitive deterrent, and they can't sell that good abroad because it would cost more. So that may have cost the Ontario economy in a way that we really have a very hard time calculating, but clearly there's an incidence or a burden associated with that. The second, though, is that if they don't pass that cost on to somebody, to an export, they pass it on to a consumer in Ontario, and it's actually the consumer in Ontario who pays that. We're paying both the competitive price and the price, so you can't make a simple assertion that one's a tax on business and one's a tax on consumers, because the business tax that's built up through the cascading effect actually has an incidence—and this is the point that Steve was trying to make, I think—and the incidence is actually borne by Ontario consumers. So when we make Ontario businesses substantially more efficient, it actually increases through the mechanisms of pass-through—and this is the Michael Smart work—it actually

increases and decreases the burden not only on business, of course, but consequently on the consumers who buy those goods.

That's why we're struggling a little bit with the kind of frame in which you're asking, because it's not just that the tax is collected here and therefore it has an impact; it may be collected here, but ultimately it was the consumer who paid for it. We pay for it to some extent by lost job opportunities because of loss of exports, but primarily it's paid for by Ontario consumers.

Steve, you can correct that or amplify that, if you want.

Mr. Steve Orsini: No, that's correct.

The Vice-Chair (Mr. Garfield Dunlop): You have just a little under five minutes left in this round.

Mr. Michael Prue: Over the last many months since the HST was announced in the budget, it seems to me that businesses have primarily said that it's a good idea and consumers have been pretty wary. Is that a fair comment? Almost every business person I've heard thinks they're going to be better off, and almost every consumer has not bought what is being said here in this room today.

Hon. Dwight Duncan: I would agree with you that consumers are wary, that taxpayers are wary. In fact, some individual businesses are wary. I've been across the province and that is part of our challenge in terms of explaining the tax.

I want to come back to what my deputy and assistant deputy minister said. One of the most egregious parts of the existing sales tax is what I would call that hidden tax burden that consumers do pay. Businesses pay it on their inputs and they pass it through to consumers. What the value-added tax does is remove that. Now, there is a debate in the literature over how fast that occurs. I think Mr. Smart said a year; other studies have said it's a longer period of time. But that is one of the reasons why economists are virtually unanimous in recommending the position we have taken. That's why I think the federal government, that's why British Columbia's move, and that's why I expect Manitoba will move very shortly—that is, the existing provincial sales tax. One of my officials put it to me as we were contemplating this move. He said, "If you were to start all over again building your tax system, the last tax you would do is the existing provincial sales tax," or what we call the retail sales tax. It's inefficient, it's hidden, it encumbers our exports, and it makes our exports less efficient. That's why, in part, we moved it.

I do agree with you: Consumers are wary. Any time you make a move that is complicated, acknowledge that it's complicated, they are wary. That's part of our challenge, to explain why we think it's right, and, if you don't agree, part of the reason why you're trying to explain to consumers why it's the wrong move. We think it's the right move. We think it's the appropriate step to take in terms of job creation. As we've indicated, more than 130 countries already have a value-added tax. We believe, ultimately, consumers will be the beneficiaries of this, and that's borne by research done at the University

of Toronto, research done by the C.D. Howe Institute, and that is why other governments are moving in the direction we've moved in.

The Vice-Chair (Mr. Garfield Dunlop): Time for a quick question here.

Mr. Michael Prue: The Premier was so wary and so worried, in my view, that he took John Wilkinson out of innovation and put him in revenue to try, in his own words, to sell this policy. Did the Premier have polling and other sources that consumers weren't buying it?

1030

Hon. Dwight Duncan: I think it's fair to say that, yes, we do have to put a considerable effort into explaining the policy. It is a complicated policy. It's one that four other provinces have moved on. One other province has moved since we took the decision. When we moved down this path, we knew that we would have to take a lot of time to explain to people, that people would be wary of it, and we'll continue to do that.

Again, you see the same polls I did. There was one out a couple of days ago. I don't rely on polls. We think the advice we had from virtually every leading economist, from the Canadian Manufacturers' Association, from the Ontario Chamber of Commerce, from a range of stakeholders, was that this is an appropriate tax reform package, that this tax reform package would, in fact, better prepare this economy to be competitive as we move out of the downturn.

The Vice-Chair (Mr. Garfield Dunlop): You've got a few seconds for a couple of—

Mr. Michael Prue: I'll save it. My next question's longer.

The Vice-Chair (Mr. Garfield Dunlop): Okay. Minister, based on what we said here this morning, you have up to 30 minutes to reply to anything that was said, if you'd like to say anything at all.

Hon. Dwight Duncan: No, I think we should just keep going on questions.

The Vice-Chair (Mr. Garfield Dunlop): With that in mind, then we'll go directly into rotations, starting with the official opposition. This is standing order 66(a).

Mr. Norman W. Sterling: I'd like to ask you some questions about pensions and what you're going to do for—specifically, I'm going to talk about Nortel pensioners, many of whom reside in the area that I represent in the west part of Ottawa, but they're in fairly large numbers across the province of Ontario. In fact, there's probably something like 20,000 pensioners across Ontario—it could be anywhere between 15,000 to 20,000 pensioners. The average age of these pensioners is 71 years of age, as a group told me yesterday in my constituency office in Ottawa. This is, I think, the third or fourth meeting I've had with them. The average pension they're collecting is about \$2,400 per month. But there are many in what they call the negotiated pension or union group; their average pension would be \$12,000 a year. They're very concerned about what's going to happen in the next month or two. They're concerned because, as Nortel assets are sold off, it is up to FSCO to

decide on the date when their pension trust shall be wound up. As they have been told by Mr. Gordon of FSCO, it is a discretionary decision on his part or FSCO's part as to when that pension shall end.

One of the problems with the present legislation in the province of Ontario, as they describe it to me, is that FSCO has few options as to what happens with regard to the funds that are still there in that pension fund going forward. The pensioners describe it to me that there is one option, and one option only, and that is for them to buy an annuity going forward. Well, given the fact that, in Canada, the annuity market is very limited, and we all know that interest rates are at historically low rates, the annuities that these people might receive, even if the pension fund is 70% solvent, 60% solvent—we're not sure of the number. The last number that they received was 69%. It was 100% going back into the fall, 84% in January, but the last number they heard was 69%. The annuity that they would receive will diminish their pensions probably to somewhere between 25% to 50% of what they're now receiving.

What they would like is a postponement of the winding-up of this pension, as they see the equity markets, the economy, improving, going forward. That is one thing they would like the government to act on, and this is an Ontario issue as Ontario makes the laws with regard to their pension. I might add that Nortel is an Ontario incorporated company and that the pension laws are within our mandate.

The second thing that they are asking me to convey to you and ask you to do is to give them the opportunity, on the windup of the pension, of not forcing them into necessarily buying an annuity but being able to have the right to roll that over into an RRSP, where they can then make their decision as to whether or not they want to buy an annuity or they want to invest that some other way in order to protect whatever little they might have going forward. Those are two reforms which are within the provincial mandate.

As I understand it, FSCO is an arm's-length body and therefore may, at any moment, drop the hat in terms of winding up the pension fund that is a trust for Nortel employers. What I would like you to do, Mr. Minister, is to make a public statement so that FSCO would understand that this government will act in the near future to amend the legislation to allow these two things to occur. Would you like to respond to that?

Hon. Dwight Duncan: Thank you for the question. We have had similar representations made to us, and the Nortel situation is one that obviously we're very aware of, and the challenges before them. I think, Mr. Sterling, you're absolutely right in terms of when that pension deficit is crystallized and the impact that can have, first of all, on the amount available for an annuity and then, obviously, on low-interest-rate annuities and what that would mean. We are looking at that situation along with a number of others in the province.

I concur with the observation that there is a need for amendment to the Pension Benefits Act. We will be

bringing forward legislative changes this fall. We will bring forward two packages of amendments arising out of Mr. Arthurs' report. In terms of the postponing of the windup, I think we have to look very carefully at that. I would not for a moment discount the significance of that in terms of a way of helping to manage this situation. In terms of what individuals can do at windup in terms of what they can roll over into, that is something that, again, as part of the broader look we're having at pensions, we are looking at actively.

The Nortel situation is here in front of us now. There are a number of other situations. I don't think any of the requests are—I don't think it's unreasonable to ask the government to look at those as part of a package of legislative amendments. We are currently, I guess it's fair to say, doing our due diligence in terms of the Arthurs recommendations. How they would apply to Nortel at this point will in part depend on the moment at which the state of the pension fund is crystallized in law. To that end, I take your questions and your recommendations under advisement, indicate to you and the people that you've met with that we take them very seriously, and as we respond to Nortel—and there are a number of other situations in Ontario, as you're aware—obviously we'll take them very seriously.

Mr. Norman W. Sterling: I appreciate that. One of the problems with the Nortel people—I'm not aware of the other bankruptcy situations which may lead to crystallization of pension plan funds, but time is of the essence in this particular situation, and FSCO could crystallize the pension, as I said, tomorrow. The basis upon which, I understand, they crystallize the pension is when they believe that Nortel is no longer going to exist. Forty per cent of the assets were auctioned off, as you know, last Friday, and if that sale proceeds through, then FSCO are going to be caught in a position where they are going to have to make a decision relatively soon, and probably before the Legislature reconvenes on September 14. That is why I am asking you to consider making a very public statement of the exact nature of the relief that you might provide prior to the Legislature coming back, so that FSCO would understand, perhaps, that waiting until the other 60% of Nortel assets are sold, or whatever happens to them, might be more prudent. I understand that there is a downside to postponing too—because at the present time Nortel employees who are on pension are receiving their full pension. Ever since the bankruptcy took place in January, the company has not been contributing to that pension plan, so we're having a depletion of the pension fund as we go forward, and therefore that 69% is obviously going to be less than 69% because nothing coming in and everything going out is leading to that. So there's a real spot that FSCO might be in in terms of deciding what their fiduciary obligations are with regard to calling it a day. That's why I think it's important that we send a clear signal at this point in time as to what options are going to be available, if they're going to change with regard to the windup of these pensions, now, not a month from now, because that may

be too late. I hope it isn't. These pensioners are very, very worried that FSCO will drop the penny right away.

1040

I also want to ask you, with regard to if the Nortel pensioners receive less than they are—they are or could be beneficiaries of the Ontario pension guarantee fund. Presently, that fund is in a deficit position. As of the end of the last financial year, they were \$102 million in deficit. The deficit would be much higher had you not lent the fund \$330 million shortly after you came to power. On March 31, 2004, you gave them an interest-free loan of \$330 million, and that later was discounted because of the no-interest clause, and so the value of it to the fund was much higher than a \$330-million loan. So we've got a pension benefits guarantee fund that's in deficit. There is no plan as to how this is going to be funded going forward. Obviously, the funding provisions in the present legislation for the pension benefits guarantee fund are not adequate to cover the kind of obligations that they have now or are going to have in the near future and maybe in the long-term future. What are your plans to provide for a self-sustaining pension benefits guarantee fund, and what are your plans in terms of increasing the maximum from \$1,000 to \$2,500, as Mr. Arthurs recommended in his report?

Hon. Dwight Duncan: First of all, to verify what you've said about the state of the fund, I think, on a cash basis, it's negative; on an accrual basis, there's a small positive balance. But you're right, there's not enough to cover a claim by Nortel, and there are a number of others—

Mr. Norman W. Sterling: On a cash basis, it's in a positive sense—

Hon. Dwight Duncan: Yes, in the reverse: Cash, it's positive; accrual, it's negative. So you're right about that. There's not enough money in the fund. There never has been; it's been underfunded. Mr. Arthurs did recommend raising the limit to \$2,500. He also recommended having an actuarial study done to look at how to finance that, whether it's been properly financed; that is under way. I believe we're going to get the study back and completed—Deputy, do you know when that will be completed?

Mr. Peter Wallace: End of the year, early next.

Hon. Dwight Duncan: The end of this year, early next year.

You're right: There is a challenge. We are looking at options now, going forward. I expect that we will be engaged in a fairly significant discussion among ourselves in the Legislature and obviously with those people affected by it, but that fund has been, historically, not properly funded and it would not be able to meet a large obligation such as Nortel, and there are others outstanding out there that we think may be coming forward.

Mr. Norman W. Sterling: How many others are there out there at the present time?

Hon. Dwight Duncan: In addition to Nortel there are at least two other fairly large ones that we are aware of. There are a number of smaller ones as well and there may

be, beyond what we're aware of, more out there. That's the best information I can give you at this point, but it is something where we're looking at all the options available to the government now with respect to how we would respond in the event that any or all of those pensions make a claim on the PBGF.

Mr. Norman W. Sterling: In January of this year, ironically a day after the bankruptcy of Nortel took place, the Legislature of Quebec introduced new private pension guarantees to their pensioners. Nortel has employees in Ottawa, Toronto and Montreal. We've got a situation now where perhaps the Nortel employees in Quebec will be more favourably treated because of the legislation in Bill 1 brought before the Legislature of Quebec—which was, I believe, passed in mid-January, January 15 or about that time—which guaranteed to pensioners who were benefactors of defined benefit pension funds that their pensions would continue up to the amount that the pension fund, the one that went down, was funded. In my case, if I said 69% for Nortel, then pensioners would receive 69% of their pensions going forward. It was time-limited to five years; many people suspect that that will be extended by the Legislature of Quebec as well.

Are there any thoughts on your part of providing Nortel employees in Ottawa and Toronto the same kind of protection that they're receiving in Montreal?

The Vice-Chair (Mr. Garfield Dunlop): We're down to about three and a half minutes.

Hon. Dwight Duncan: I'll briefly say we're looking at the Quebec model, and I'm going to ask my Deputy minister and perhaps Steve Orsini to respond in more detail about the Quebec proposal.

Mr. Peter Wallace: It is worth remembering that Ontario is the only jurisdiction in Canada that does have such a fund in its current form. I'll ask Steve to speak to the specifics, but it's frankly not at all clear to us that the Quebec model offers significant protection to any group. I think the way it is structured and the way it is worded is something that we're continuing to monitor, but it is not at all clear to us that that establishes a model that would provide the benefit that might be anticipated and associated with that.

Mr. Steve Orsini: Just to elaborate further on what the minister and deputy had mentioned—and I think, Mr. Sterling, you captured it correctly in your understanding of the Quebec plan—it doesn't guarantee benefit payments as to what the employer may have committed to the employee. What it does do is prevent that crystallization. So the Quebec model, as we understand it, and the details are still being developed, takes the pension plan as it gets wound up and puts it into—so that the investments aren't converted to annuities. I think that as you acknowledged earlier, it's not a very robust market for annuities. It's difficult to convert investments that might be in stocks, bonds and real estate into these types of annuities.

1050

What Quebec is trying to do is not to, at the low end of the financial business cycle—as you know from last fall,

there were significant reductions in equities, and that affected pension plans across the board. We've seen them start to recover. The idea was, can you not have them converted into annuities and lock in those losses at that time? It's not clear how conservative Quebec will be in their investments, because then who bears the risk? If they're guaranteed a 69% funded ratio, as you mentioned, are they prepared to—so we don't know how their investment plans will roll out. It's still an uncertainty. That's a key point: to distinguish between what Quebec has and what the deputy referred to as what's available in Ontario.

Mr. Norman W. Sterling: Well, will you commit yourselves to treating Nortel employees at least as well as they are being treated in the province of Quebec?

Hon. Dwight Duncan: As I said, as you can tell, we are actively looking at the Quebec model. It's not clear to us, at this point, that benefit, but we are looking at that and a number of other options as we move forward.

Mr. Norman W. Sterling: I can assure you that the pensioners believe that the Nortel employees in Montreal are being treated better than they are in Ontario.

Thank you very much.

The Vice-Chair (Mr. Garfield Dunlop): Okay. That leaves just a few seconds. Are you okay with that round, then?

Mr. Norman W. Sterling: How much time did I have left?

The Vice-Chair (Mr. Garfield Dunlop): You've only got 20 seconds now.

Mr. Norman W. Sterling: No, that's fine.

The Vice-Chair (Mr. Garfield Dunlop): I'm trying to be accurate.

We're going to take a short break here, as in the subcommittee report. Can we just be back here in seven, eight minutes, for 11 o'clock? Is that okay with everyone? Just a washroom break or coffee break, whatever you want.

The committee recessed from 1053 to 1102.

The Vice-Chair (Mr. Garfield Dunlop): We'll call the meeting back to order. We now turn it over to the third party to question the minister for the next 20 minutes.

Mr. Michael Prue: We're in 20-minute rotation?

The Vice-Chair (Mr. Garfield Dunlop): Yes, 20 minutes.

Mr. Michael Prue: I'd just like to go back. I wonder if Mr. Orsini or perhaps, if they're here and hear the question—because I just want to go back to Michael Smart's paper on the HST. I don't know whether I actually got an answer to the question that I asked; that is, what percentage of the current RST revenues are derived from business inputs?

Hon. Dwight Duncan: I don't have that number, and I think what Mr. Orsini said was that it would be difficult to determine. I will undertake, Mr. Prue, to get back to you on that in greater detail.

Mr. Michael Prue: The second issue, again, just before I go on to a newer line of questioning, is that it

was suggested that in the Atlantic provinces, the HST did not result in a spike in prices. But would you not agree that the main reason for this was that the sales tax rate was reduced from 12% to 8%? If that happened in Ontario, I'm sure that final consumer prices would fall, if the tax rate was reduced. This is not being reduced; it is still at 13%, with new items being added.

Hon. Dwight Duncan: Again, I want to go back to the choices we made in the budget with respect to the tax burden. We made a number of decisions with respect to how to reduce the overall tax burden to help consumers and help businesses adjust to the harmonized sales tax. I think those are the appropriate choices. I note that British Columbia just harmonized at the same rate; we have as well. In terms of the Atlantic provinces, I'm not even sure what their harmonized rate is now. Is it consistent across the provinces, or—

Mr. Peter Wallace: I think it is, yes.

Hon. Dwight Duncan: Yes. We harmonized at the current rate, but we chose to reduce the personal tax burden and the corporate tax burden and provide a number of point-of-sale exemptions as well.

Mr. Peter Wallace: Just to add to that, these are not questions of arithmetic; they're questions of econometrics. The reason that they're not straightforward in terms of the interaction between the tax system and the overall rate of inflation is that it's not just a question of you add one on to the other and get a specific number. There's a whole series of chains of events. We talked a little bit about the difference between the initial payment and the incidence of the tax. All of those types of issues exist all the way throughout the economy and other challenges associated with that. So when we talk about those issues around who pays initially versus where the burden is, the impact of this with the fact that we are a small, open economy with tremendous impacts on both import and export elements, a variety of things like that, this ends up being an econometric question rather than a simple or straightforward kind of question of looking back in the tax receipts and saying that this was paid by a business and this was paid by a consumer. It would be highly misleading to give you an answer based on something as straightforward as that, and that's why we don't have that information. That's why, frankly, it is a function of econometric modelling. Econometric modelling, by its very nature, tends to yield fairly broad results with fairly wide error bars.

Mr. Michael Prue: Well, perhaps, just by way of editorial comment, this is why it's so difficult to sell it to the general public.

Hon. Dwight Duncan: It is in part, and I would not disagree with you that the public is wary and skeptical. But again, part of leading is trying to make the right decision and then convincing people that it is the right decision.

Mr. Michael Prue: The minister referred to the last question I'd like to go back to, and that was the question of public opinion and polling. You referred to a poll that came out a couple of days ago showing the general

public is generally not in favour. One just came out today, actually, which I hadn't seen until it was brought to my attention, by Nanos, from Wednesday, July 29, in the *Toronto Star*—I guess I didn't have a chance to read the whole thing—that two thirds have a negative view of the 13% levy even though implementation is a year away, and there's another poll. Is the government, though, doing any polling on this?

Hon. Dwight Duncan: I'm not aware of extensive polling by the government. I was referring, actually, to an Ipsos Reid poll that came out a couple of days ago referring to the standing of the government in public opinion. I wasn't referring to a specific poll about public opinion on the harmonized sales tax. That result doesn't surprise me. However, what we've seen in other publicly available polls is that approval of the government's management of the economy remains fairly high.

I think it is fair to conclude—and what I see from Mr. Nanos doesn't surprise me, and I liked the word you used, Mr. Prue. Ontarians are wary of it. They don't understand it; that is part of our challenge. That doesn't relieve us of the obligation, in my view, of doing what we think will create jobs, what we think will make our economy more competitive, will allow us to spur investment and job growth in the future, and that's why we moved the way we did. I was pleased to see the response of any range of groups—the vehicle manufacturers, the Ontario Chamber of Commerce—with respect to that policy. So again, to your specific question, there are probably polls done that I'm not aware of about this. I've seen the public polls you have. To me, it's not about polling. It's about leading, it's about taking steps that we think are right for the economy at this time as we move forward. We think we've brought forward a package of tax reforms that will lower taxes for most Ontarians, number one; and number two, spur job growth in the coming years.

Mr. Michael Prue: I would agree with your statement, save and accept that in Mr. Benzie's article in the *Toronto Star* today, he ends by saying, "The Liberals clearly appreciate that challenge, which is why the government is lobbying the Auditor General to loosen the rules against partisan political advertising," and that that advertising take place—if you skip down a bit—up to July 1, 2010, touting the \$1,000 in rebate cheques that most families will receive from the federal government to offset the higher costs of numerous products and services.

The government is obviously worried. Is in fact the government lobbying the Auditor General to loosen the partisan advertising?

Hon. Dwight Duncan: I wouldn't characterize it that way, no.

Mr. Michael Prue: How would you characterize it?

Hon. Dwight Duncan: We're the government that brought in the rules.

Mr. Michael Prue: Yes, I know, but how would you characterize what you're doing?

Hon. Dwight Duncan: For instance, in the month of June, we ran quite a consumer education thing around Ontario savings bonds and we had an enormous response. I think governments do have an obligation to educate consumers as to what it offers. You see it all the time in a range of things. The ads are eventually approved by the auditor before they go out. I'm quite confident that we can provide public service announcements that are both consistent with and reinforce our commitment to non-partisan advertising. Governments do have an obligation—we do it all the time—to provide information to the public about programs and services. On a tax reform of this order of magnitude, consumer education is going to be a component of that. The Minister of Government Services will deal within the framework of legislation, and every advertisement this government has run has been put to the auditor. The auditor has sent some back as being inconsistent with the rules that we established; we deal with that on an as-needed basis and I expect we'll continue to do that.

1110

Mr. Michael Prue: Last spring, the Premier mused that the government may be looking at embedding the new HST in price tags, so only the final price. A couple of days later, he backtracked a little on that. But I want to know, what is today's thinking? Is there any thought of embedding the HST in the price tag, as they do in Europe?

Hon. Dwight Duncan: There has been a considerable debate in the public about that. What the Premier said, I will re-emphasize, is that we will continue to show the tax the way we have up until now. I'm familiar with what they do in Europe and other places, where, as I understand it, they build the tax into the price that is on the shelf. I would not support anything that would not give full disclosure to whatever amount of tax is being collected off of any purchase. Accordingly, I think, for the moment, we're going to implement this and continue to see pricing and disclosure the way it has been done up until now.

Mr. Michael Prue: But in Europe, when they put the price on the shelf, the sales slip that you get at the end does break it down, showing how much tax—I mean, that's still being embedded. Are you looking at that kind of a scenario?

Hon. Dwight Duncan: It has been suggested by a number of people that we look at that. Frankly, right now, we're more focused on the implementation of the tax itself. As you indicated, many Ontario citizens are wary of the tax. I would agree with you. We don't want to bring an unnecessary degree of complexity to it at this time.

Mr. Michael Prue: I don't take that as either a yes or a no.

Hon. Dwight Duncan: Well, you can interpret it either way you like. Again, as I say, we have a system in Ontario that, when you shop, when you see the price tag on the shelf, it doesn't include the tax. When you go to pay it, it does, and it's broken out. Whatever system Ontario has now will continue for the foreseeable future,

but there are many—some in this room—who are strong advocates of the so-called embedded system. I think it's an interesting concept. It's one that's worthy of consideration, but at the moment, we're more focused on just simply implementing the harmonized tax.

Mr. Michael Prue: Well, Ontario has two systems, in reality. If one goes to the liquor store, you see the final price, and then when you get your bottle of wine and you look at the bill, you can see the taxes that were paid. The same thing is true of gasoline: You see the final price; you don't see anything added to the end of it, but you can ask for the breakdown and get it. Then you have ordinary stores where you see a price, and then it's—so, I mean, are we going to go all in one direction or all in the other?

Hon. Dwight Duncan: At this point in time, I'm not contemplating that kind of move.

Mr. Michael Prue: So you're going to leave it as two different systems?

Hon. Dwight Duncan: I think what has historically served us, with two ranges of commodities being treated differently—but, no, we're not going to add a degree of complexity at this point in time. But I welcome your input and that of others on that issue. I think it's certainly worth exploring over time.

Mr. Michael Prue: HST and the First Nations—my next question. As you know, aboriginal people who live on reserve are exempt from paying the retail sales tax on goods and services, regardless of whether the purchase is made on or off the reserve. This differs from the GST, where a point-of-sale tax exemption is only provided to First Nations when the vendor delivers the good to the reserve. There is a real concern by First Nation leaders that tax harmonization will mean the end of point-of-sale exemption. Will it?

Hon. Dwight Duncan: Well, I've met with First Nations to talk about this. You're absolutely right: Historically, the way the retail sales tax has been collected in Ontario, they do get the point-of-sale exemption, as I understand it. With the GST here in Ontario and the harmonized taxes in other provinces, you pay it at point of sale, and then you have to apply for the rebate.

We have urged the federal government—and this will be a decision of the federal government—to give due consideration to this. There is a working group established to look at this. There's an additional layer, now that British Columbia is harmonizing as well. We have indicated some support to our First Nation citizens and have urged the federal government to give due consideration to that. They have not indicated one way or the other whether they will. What they have said is that they won't have a different regime in different provinces for the collection. That will be largely a decision of the federal government. I know that the Minister of Aboriginal Affairs has spoken to his counterpart. I have spoken to the federal Minister of Finance, Mr. Flaherty, and urged consideration of it.

Mr. Michael Prue: Will you be going back for more consultations and, if so, will the First Nations leadership be invited to them?

Hon. Dwight Duncan: There has been a working group established. We will continue to consult. I've indicated support for what the First Nations have said, but now, as you're aware, the harmonized sales tax will be collected by the Canada Revenue Agency. This is now a decision of the federal government as to whether or not they will act on the request. We have made active interventions on behalf of First Nations and my hope is that the federal government will respond positively.

Mr. Michael Prue: That's fine. I hope they do too, but if the federal government refuses to maintain Ontario's point-of-sale exemption, how will you and the Ontario government respond?

Hon. Dwight Duncan: The collection of this tax will be done by the Canada Revenue Agency, so this will be a decision of the federal government. We have already responded by expressing our support.

There has never been a point-of-sale exemption. In practice, we have not collected at point of sale. There's nothing specific, but I've indicated support for the First Nations communities to the federal government. There's a working group established, as I understand it, between our two governments, and my hope is that the Canada Revenue Agency and the federal government will be positive in their response. That was my recommendation to my counterpart.

British Columbia is harmonizing now. As I understand it, they do not have a point-of-sale exemption on their provincial sales tax. But again, the federal government will make the decision on this, not us.

Mr. Michael Prue: So you're going to leave the jurisdiction up to them?

Hon. Dwight Duncan: Yes. Part of our proposal is that the harmonized sales tax will be collected by the federal government. It will save close to half a billion dollars in compliance costs. It's consistent with what we did on the corporate tax side. We think it's in the interest of all of us to do that, but we do agree with First Nations. We think the federal government ought to respond positively to their request.

Mr. Michael Prue: There's a lot of hope here, but what if the federal government says no? Are you going to walk away from the deal?

Hon. Dwight Duncan: No, we won't.

Mr. Michael Prue: Or just say to the First Nations, "Too bad, so sad"?

Hon. Dwight Duncan: What we would say to the First Nations is that we will continue to work with them but we are putting the collection of the tax and the rules around that—we are agreeing to harmonize it with the federal goods and services tax. We think it's the appropriate step to take, and again, I would urge the federal government to give due consideration to the request of our First Nations.

Mr. Michael Prue: Okay. Still time, Mr. Chair?

The Vice-Chair (Mr. Garfield Dunlop): Three minutes and 30 seconds, yes.

Mr. Michael Prue: Okay, we'll start into the next one, although I don't think we'll finish on that.

I'd like to focus on the sales tax rebates the government has announced for the MUSH sector—you talked about those in your opening statements—and the non-profit sector as well. These rebates are supposed to offset the additional sales taxes paid by the broader non-profit sector. The budget states that the rebates would make the HST revenue-neutral. You said as much again today.

A lot of organizations in these sectors aren't coming to the same conclusion. Peel region, for example, estimates that the HST will cost them \$5 million. Many charities are running through the numbers and the HST is not looking good for them. Can you comment on people coming to diametrically opposed positions on the same fact basis?

Hon. Dwight Duncan: Again, this is complex here. I'm going to ask Steve if he can respond to the specifics of this. We have had ongoing meetings with AMO and others to discuss these kinds of issues. Steve, I wonder if you might be able to respond.

Mr. Steve Orsini: Thank you, Minister, yes. In the budget, on page 111, we list out the rebate rates. Just for the purposes of the members here I'll just go through it quickly: a 78% rebate for municipalities; universities and colleges, 78%; school boards, 93%; hospitals, 87%; and charities and qualifying non-profit organizations, 82%.

When we negotiated the memorandum of agreement with the federal government, we asked for that flexibility to set our own rates. The idea was to make it revenue-neutral sector by sector. One of the things that, when we've been meeting with these groups, we've been very clear about is that you have to look at the totality of all the goods and services they purchase and also the savings that they'll get from their suppliers. We've had good discussions with the municipalities. We had discussions with the school boards, and we're having discussions with the charities and non-profit organizations. It is a complex calculation. We worked with the federal government on very detailed input-outputs on trying to come up with these estimates. It's very complicated. It's what Peter was saying earlier; it's econometric-type analysis. We feel that this is very robust and does capture a revenue-neutral. What we haven't said is that within the sector, everyone's going to be identical to what they were going in. I think, on a sector by sector, we've said as a whole they will be revenue-neutral. What we are working on with them is having them identify the savings that they'll benefit from as a result of the overall changes. It's an education process even for those groups, but as you can see, they're very, very significant rebates to rebate back so they are kept fiscally whole.

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Mr. Peter Wallace: I have two things to add to that quickly, one of which is just that sectors, of course, may not know the impact of the embedded tax that they are already paying. That will be a source of confusion, and that's what some of the econometric modelling helps to unpack—and the robust nature of the input-output elements that Steve talked about. The other is that there is some administration clearing-up in terms of the way in

which some products have been taxed at a full rate in one use in a hospital and not taxed at all for another rate, and there is some significant reduction in compliance costs, for example.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much. That completes the third party. We'll now go to the government members. Mr. Delaney.

Mr. Bob Delaney: Minister, in reading the coverage of the release of the 2009 Ontario finances yesterday—I know personally that from our experience a number of years ago when we sought greater transparency in the reporting on the government finances, we made a commitment that there would be exactly this type of release so that there would be no surprises at inopportune times. There was some discussion on this a little earlier this morning, and I'm wondering whether or not you'd like to revisit that and go through the increase that we saw yesterday in the deficit from the March 2009 budget to the current projection. As you discussed a little bit earlier, some of that increase was due to the support provided to the auto sector. I know from my own experiences just last week with the member for Parry Sound—Muskoka, when we were both in the United States listening to some of the problems the States had, that some of the flexibility that we in Ontario have to be able to do as a subnational jurisdiction what we have done in our auto sector has really made a lot of the difference that has permitted us to be North America's premier place to build a car. I wonder whether or not you could expand a little bit on that.

Hon. Dwight Duncan: In this year's budget, we, at the time, projected a \$14.1-billion deficit. Our projections are arrived at by looking at private sector projections at a given point in time. That is generally about three to four weeks before the budget is printed, because you've got to print, make your decisions and so on. There are roughly 12 forecasts that we look at—12 economists, private sector—and then we set ours below theirs. Some of those forecasts get changed literally on a monthly basis. One month you might get one, another month another, and we constantly update what we do.

In fact, at the beginning of June, I announced publicly that because at that time we had crystallized the auto deal, we knew it would cost additional money. And by that time, we had greater clarity with respect to tax revenues from the previous year. They were coming in slower than had been originally projected. So at the beginning of June, I announced, even before I had to announce, that we'd seen this overall deterioration. We weren't specific with respect to taxes, because we didn't have the most up-to-date information.

I think I've said this at estimates before: I was the first finance minister in Ontario to bring forward a budget before the beginning of the fiscal year. Before I came here, when I was on municipal council, I always wondered why they didn't do that. One of the reasons is, we don't get our final information with respect to taxes in the previous year until June and July. So in the past, finance ministers preferred to get that up-to-date

information prior to building their estimates, because in fact then they're building estimates on relatively old data or more prospective data as opposed to actuals. But I think the increase in the deterioration in the revenues that we've experienced has been quite consistent across certainly North America and western Europe. Projections have been way off by economists both in the private sector and in government circles, and that is, in fact, why we brought this greater degree of transparency and accountability so that we will report quarterly.

As I said, in the case of the deteriorating revenues in the auto deal, when we crystallized the auto deal and had greater certainty as to what it would cost us in the short term, at that point in time, the beginning of June, we released the figure that was confirmed in the first-quarter numbers.

So we'll continue to do that to the best of our abilities. Certainly our quarterly reports will continue. But again, I expect there will be continued volatility, both positive and negative, in the coming years, and remind members that a 1% variance in revenues is quite dramatic in terms of dollar amounts for the province.

Mr. Bob Delaney: Just as a question of clarification, you said a few moments ago, with regard to economists' projections, that we set ours below theirs. Just for my own edification, what do you mean by, "We set ours below theirs"?

Hon. Dwight Duncan: Let's say the consensus estimate in Ontario by economists is minus 2%—that is, we'll see a 2% decline. Then we would set ours at minus 2.2% or minus 2.1%, so that we're, in a sense, being very prudent in our projections. You use the best available information, you look at what the consensus is, and then you use real prudence so that you don't understate a deficit or overstate a surplus. Again, when you look at a 1% variance in revenue or expenditure, a 1% variance in either one of them is literally in the billions of dollars. So you are looking prospectively at what's going to happen and you reconcile that on a quarterly basis as more information becomes available. In past years, we had larger than anticipated surpluses. This year, so far, we've had to adjust, because of declining revenues, the size of the deficit. That's with one quarter under our belts. We'll see where it goes. There will continue to be volatility in projections and in our revenues, and we will, again, report on a quarterly basis as to what actually happens versus what we projected.

Mr. Bob Delaney: You've talked about some of the reasons for doing the quarterly updates and you also mentioned that, to your surprise, you were the first finance minister to deliver a budget before the start of a fiscal year. Before I move on, I just want to give you a little bit of feedback on that. As my colleague Dr. Kular will say, we meet very regularly with our partners at other levels of government, be they the municipal governments, the school boards, our hospitals, our extended public sector, our police forces and social services agencies, whose fiscal year is parallel to our own, running from April 1 to March 31. One comment that

I've heard repeatedly since your first budget that happened before the start of the fiscal year is how helpful that is in being able to make a realistic appraisal of a school board's, a hospital's or a charity's budget, and how helpful it is not to be making guesses part way through the year as to where some of your grants and allotments are coming to you and making your best guess, where at least with delivering a budget before the start of a fiscal year, it enables our partners at other levels to do much more intelligent forecasting themselves. So I pass that along, for whatever it's worth.

To move on to a different topic, one of the things that we know governments do in the name of prudence—I know that you've talked about this in the past in the House and outside: Is there a reason for, and can you discuss your strategy on, using the government's reserves and contingency funds to lessen the impact of the revenue decline and whether or not to commit it for auto sector support?

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Hon. Dwight Duncan: As a result of a whole range of challenges in the economy, we did establish a large contingency and reserve. Because of the increased challenge, the increased volatility in revenues and expenditures—when we were in the budget phase, we were also, at that time, negotiating with the Canadian government and the government of the United States around the auto sector deals. I set aside \$2.5 billion in contingency in recognition of those challenges. We're leaving an amount in the contingency fund in case additional resources are required before the end of the year. Again, there is greater volatility now than there has been in the past, so if you look at expenditures, you'll see that a big item this year was increasing contingency and reserve to allow us the cushion to deal with the unanticipated in the economy.

Again, I believe there's still about \$1.3 billion left in contingency, Deputy, for the year. But we did increase the contingency and reserve in order to give ourselves flexibility to respond in the event of unforeseen circumstances.

Again, the whole automotive sector—you raised that specifically—when we got into this, we weren't sure what the cost, particularly of General Motors, was going to be. When the government of the United States indicated \$50 billion, and then, therefore, Canada's contribution would be higher than we anticipated, that's where the difference was, principally on the auto side. Again, we built in contingency to help deal with that. There's still considerable contingency left in the budget, recognizing that we are still in a very volatile economy and it's very difficult to predict what could be just around the corner.

Mr. Bob Delaney: Thank you.

Hon. Dwight Duncan: Am I right about that figure in contingency?

Interjection.

Hon. Dwight Duncan: It's \$1.3 billion that is left in the contingency. That was the accurate figure.

Mr. Bob Delaney: I believe the parliamentary assistant has a question.

Mr. Wayne Arthurs: Minister, it's good to see you. We often don't get as much time as certainly I would like, given your schedule. More often, it's at briefings that we have a chance to see each other.

I want to follow up on Mr. Delaney's question a little bit. You mentioned your past history in municipal government. Many of us around this table and in the Legislature have a history in municipal government as well as a history here now. We understand the value of reserves and contingencies, from the standpoint of providing for unexpected swings in a budgetary context and from the standpoint of expenses that might not have been anticipated or changes in revenue streams. Certainly, provincially, that's more significant than it is municipally, because municipally, you're in a better position to project your revenue streams by virtue of the tax base from which you work.

Provincially, I've had the distinct pleasure to serve on Management Board and treasury board, so I've had a chance to see all the ministries during the course of a fiscal year as they bring forward their plans for initiatives that were budget-approved but may not have been fully fleshed out at that point in time, and they build their business case.

I've had the chance to see those unique situations during the year where government has needed to respond to particular issues that might not have been readily identifiable at the point of the budget, and the value that contingency can play in that. I've seen that over the period of time where, both on the contingency and reserve side, it's fluctuated during various points in time and it varied here, in an effort to provide some stability.

But as we all know, we're into a very unique set of circumstances that we, as a government, hadn't experienced and, quite frankly, over the past I think 80 years, no one had experienced, so it has made things particularly challenging.

I'm interested in your further comments around issues such as contingency and reserve; the matter of prudence; for those who aren't aware, the risk during the year, in individual ministries, particularly, presumably, those that will draw the greatest on our capacities within government—health in particular; the kinds of risks that get identified to you as the Chair of Management Board, as the chair of treasury board, as the finance minister, and how establishing appropriate contingencies provides the type of stability as best one can. I know during our budgetary debates in the Legislature there were those who would either applaud providing the level of prudence in a larger contingency that we would otherwise have put in maybe in a different year, and there were those who might have argued that the contingent was too large, that if you had put less there, you would have been able to bring the budget in with a slightly more modest deficit position on it, but probably run a somewhat higher risk along the way. We heard all of that during the debate, and I'm wondering if you could take a little more

time and just comment a bit more on the value of the contingencies, the values that provide for a level of stability, and why in this particular year, given what happened, you felt it was appropriate to move in the range that you did and how doing that has helped to weather part of the storm that we're still in in a very significant way.

Hon. Dwight Duncan: First of all, just to be precise about what is left in contingency/reserve, there's \$900 million left in contingency and \$1.2 billion in reserve, for a total of \$2.1 billion. That is part of the art side of budget-making. Obviously, the more volatility there is in an economy, the more volatile our revenues and expenditures are, and inevitably, on the expenditure side, that volatility manifests itself in the big spending items: health care, social services, post-secondary education.

When we were crafting the budget—and I think I delivered the budget on March 26. As you know, Wayne, because you participate in a lot of the briefings, you're generally, by the beginning of January, two to three months out, starting to land on numbers, and you've got to go to print roughly a week and a half before budget, so there's this process. We made the decision early on, because we knew that the auto sector stuff would crystallize during this fiscal year. We didn't know how much. As it turned out, we completed negotiations on the Chrysler deal on Easter weekend, which fell about two or three weeks after the budget, and the General Motors deal crystallized around the long weekend in May, so we increased contingency and reserve there.

We also know that in an economic downturn, there will be increased pressure on social services, Ontario Works particularly. Given the employment insurance rules and the unfair treatment Ontario gets, we also knew that more people would fall into that system more quickly than they would in other parts of the country, so we did that across all programs and services.

We also had a very robust results-based planning process this year at treasury board, as you know, where ministers had to come in with budgets that were 98% of what they'd spent in the previous year, which forced looking at some difficult choices. Once you complete all of that, then you take into account the volatility, and at the time we were making this budget there was enormous volatility. At the time we were writing this budget, we weren't sure that the financial sector in the United States was going to get through the challenges they were faced with, and we weren't sure that General Motors or Chrysler could be sustained either in the United States or around the world. So as a result of that, we did increase the contingency and reserve to provide flexibility as we go out.

As I say, we're a quarter of the way through the year. There's \$900 million left in contingency, a further \$1.2 billion in reserve, for a total of \$2.1 billion. Again, that gives us considerable flexibility to respond to things that may or may not be on the horizon, things that we can see and things that we can't see. I think most Ontarians would agree that there have been a lot of surprises in the

last year that nobody saw coming, and hence the emphasis on contingency and reserve in this fiscal year.

The Vice-Chair (Mr. Garfield Dunlop): You've got a couple of minutes there, Mr. Arthurs.

Mr. Wayne Arthurs: Minister, the auto sector support, which has been so significant to us—and you may not even have enough time, in the minute or so we have left, to respond to this; I may take a bit of it. Maybe in our next round you'll have a greater opportunity. I certainly would appreciate it if that opportunity presents itself. Early on in our first mandate, we recognized the importance of the auto sector, fiscally—certainly, the leadership recognized it in a broad way. But it was a \$500-million fund we set aside in our first mandate to support the auto sector, both from the standpoint of generating new technologies, supporting existing jobs as well as growing jobs. I think that set the stage well—a good understanding of the importance of the sector—no less so than what we have seen most recently. Can you speak a bit in the minute or so we might have left—and maybe I'll have the opportunity to pick it up later and speak more about it—about the auto sector support, the breakdown of that support, and how important that remains, and how you see the situation today, or more currently, to the extent that you can, compared to how you might have envisioned it even a few months ago?

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Hon. Dwight Duncan: Very quickly, we know that there are 150,000 direct jobs in the automotive sector in Ontario; 400,000 direct and indirect; more than 450 auto parts manufacturers in 2008. In 2008, the most recent year we have numbers available for, the auto sector accounted for 3.7% of our GDP. More to the point, in your neck of the woods, General Motors is a major employer in Oshawa, St. Catharines; Chrysler in Windsor and Brampton; Ford Motor Company in Oakville. I think one of the reasons Ontario is coming out of this stronger than, say, Michigan, which has had enormous challenges, is the presence of Toyota and Honda—Toyota with their new plant near Woodstock; Honda up in Alliston. You've got GM CAMI in Ingersoll. So we have a very diverse base of automotive manufacturers, assemblers—obviously, the dealer network, the parts suppliers.

I want to applaud the federal government for agreeing with us on the importance of the sector, both to the Ontario economy and to the national economy. Ontario, I think, is the only subnational jurisdiction in the world—I think there may be one German state. But Ontario is certainly far and away the only subnational jurisdiction in the world that has participated, as have national governments, in the stabilizing of the automotive sectors in their respective jurisdictions.

The Vice-Chair (Mr. Garfield Dunlop): Thank you, Minister.

Mr. Sterling from the official opposition?

Mr. Norman W. Sterling: I want to thank Mr. Arthurs for providing me with a segue into the issue that I want to talk about, and that is your lack of support for

Nortel and the high-tech industries in the province of Ontario.

Nortel is a company that's older than General Motors. Its world head office is in Brampton. Its world head office for research and development is in Ottawa. It has been failing for, I guess, the last three or four years. We've seen other high-tech companies in the Ottawa area sell out to American buyers because of lack of capital, the most recent being Tundra Semiconductor, which sold out, much to the chagrin of the chair of the board, Adam Chowaniec, in that area.

My question to you is, while you have given money, studies etc. to the auto sector, what have you, the province, or your government done in the last five years, prior to your intervention yesterday or the day before, with regard to the sale of part of Nortel—for the high-tech and Nortel in trying to find an alternative to the sale of this most valuable jewel in the province of Ontario and an extremely important employer in the city of Ottawa?

Hon. Dwight Duncan: First of all, I would characterize the efforts of this government and predecessors around research and development tax credits as being very substantial over the years, and they continue to be.

For instance, last year, in my 2008 budget, we brought forward something called OTEC, which will exempt Canadian companies commercializing Canadian research done in any research institution, an exemption for up to 10 years on their corporate income taxes. That's unique in North America.

In this year's budget: \$250 million over five years for the new emerging technologies fund, which will include investments in green technology companies; approximately \$390 million to match Ontario's share of the federal green infrastructure fund to develop initiatives to implement those kinds of things; \$50 million over five years to develop a smart electricity grid in Ontario; \$30 million to support emerging innovative technology companies by making initial purchases of their products and showcasing—a whole range of these initiatives; that's just this year's budget. There's \$300 million over six years to build needed research infrastructure; \$100 million in new support for biomedical research focusing on genomics and gene-related research; \$5 million to support the Ontario Genomics Institute; \$250 million over five years for this emerging technologies fund that I referenced a moment ago; \$50 million for the innovation demonstration fund; \$10 million over three years to the Colleges Ontario Network for Industry Innovation to help small and medium-sized business with hands-on applied research, technology transfer and commercialization; \$110 million in tax relief in 2009-10 from paralleling the proposed federal temporary 100% accelerated capital cost allowance; \$2 million a year in proposed tax relief to extend the 10% refundable Ontario innovation tax credit to more small and medium-sized corporations. So there are a range of responses.

I would agree with you that in terms of venture capital, we've always had a challenge; other jurisdictions have a similar challenge. We've attempted a number of

programs and begun implementing them to encourage the development of new technologies and, more importantly, the commercialization of those technologies. I think there's still a lot to do on that side. That's a challenge we're seeing emerging in other countries that historically have had a better performance on that than we have.

Mr. Norman W. Sterling: When President Obama faced a problem with the auto sector in the United States, he put together the best people he could find to come up with a solution to keep that industry alive in the United States and Canada. You yourself became part of that deal. Where was the initiative on the part of Ontario? This was their home base; Nortel is an Ontario incorporated company. Its head offices are here. Why didn't your government take some steps prior to complaining, yesterday or the day before, with regard to the sale of some of its assets? Why didn't you do something about it?

Hon. Dwight Duncan: In fact, we had been very actively involved with companies like RIM and others. Nortel has been in some difficulty for a number of years, both with accounting irregularities and so on. So in terms of the sale of the assets, the financial problems have been there for quite some time, I think predating this government, as a matter of fact. The board of the company has attempted on a number of occasions to set things straight; they weren't successful. There are assets with considerable value. The federal government has Investment Canada legislation which will allow them to intervene here. Bankruptcy, companies that are in protection—that is federal legislation.

We have offered on a number of occasions with respect to the high-tech sectors, both in Ottawa, Waterloo and indeed right across the province—we've partnered with industry. We've seen some enormous success and we believe that it's in Ontario's and Canada's interest to maintain particularly the LTE patents in Canada. Enormous tax credits were made available to companies to help develop that technology. As I indicated, we are spending considerable amounts of money to encourage research, innovation and commercialization here in Ontario. Given that the bankruptcy act is federal legislation and the Investment Canada Act is federal legislation, our hope is that the federal government will intervene to try and keep some of these patents in Canadian hands.

Mr. Norman W. Sterling: You know that John Manley was part of the Nortel board, a former Liberal finance minister, a former Liberal candidate for the leadership of your federal party. Did you have any discussions or did your party have any discussions or did anybody have any discussions with him to try to come up with an alternative plan for Nortel?

Hon. Dwight Duncan: I speak with Mr. Manley quite often, not just on this but on a range of issues. The advice we had from all sectors was that the issues before us are federal in nature and required a federal response. Mr. Clement, as I understand it, has now indicated they're preparing to look at it. I think Mr. Balsillie raised alarm bells last week around these patents, particularly the LTE

patents, and clearly they've established a value. Some speculation is that they may be undervalued. And so I hope that the federal government will exercise the responsibility it has and do what it can to keep the ownership of that intellectual property and those assets in Canadian hands.

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Mr. Norman W. Sterling: Is your position that they should block the sale to Ericsson of the 40% wireless unit?

Hon. Dwight Duncan: Our position is that they should do everything they can to keep those assets in Canadian hands. They have a number of levers at their disposal. As I understand it, Industry Canada officials are actively looking at options that are available to them. I would simply again restate the view of the province of Ontario, that these assets have an enormous value, and they have been in part developed with the assistance of tax credits offered by the federal and provincial governments. Canada has historically been a leader in telecommunications, a federally regulated industry. We have a long history of leading. We have great companies here, some big ones such as RIM, some much smaller. It is our hope that, given that governments at all levels are investing to encourage research and innovation, we don't let these patents slip through our fingers without doing everything we can to keep the technology here in Ontario and Canada.

Mr. Norman W. Sterling: Now, Mr. Minister, the opposition you have shown to the sale to Ericsson may have negative consequences for the city of Ottawa. Eight hundred people work at Nortel with regard to the division that was tentatively sold to Ericsson. Ericsson has a choice, really, in terms of where they locate or keep those jobs. They've said they're going to keep them. It could be in Montreal, it could be in Ottawa. They are heavily invested in Montreal at the present time. People in Ottawa are very, very upset that Ontario has stepped in to a federal area of jurisdiction with regard to this particular part of the sale, because you have jeopardized those 500 jobs that now exist in Ottawa, that they might now go to Montreal.

What is Ericsson going to think of Ontario when its finance minister, its government, stands up and says, "We want to block this sale to Ericsson"? Are they going to favour Montreal or are they going to favour Ottawa? What do you think your actions will mean with regard to those 500 jobs that are presently in Ottawa but may end up in Montreal as a result of the position you took?

Hon. Dwight Duncan: We believe those jobs should stay in Ottawa and that more jobs should come to Ottawa, and we believe the best way to do that is to keep the technology in Canadian hands. There are no guarantees from anybody as to where those patents will be developed. There is absolutely, when this company does have extensive investments outside of Ontario, no question about that. There's no question that they could, in fact, move it around. What I've heard from them is that they're quite willing to stay in Ontario.

We want to make sure that as many jobs are preserved in Ontario as we can. That's one of the reasons we're cutting corporate taxes. Our corporate tax rates will be considerably below Quebec's when fully implemented. That's one of the reasons why we did OITC last year, to eliminate taxes on innovation. So I think there are a lot of reasons for the owners to stay in Ontario and for that technology to stay in Ontario. It's a good place to invest. I hope that whoever has those patents will in fact make investments and guarantee that they'll make those kinds of investments. That's precisely what we did with General Motors and with Chrysler. Part of the deal was to maintain employment and maintain product mandate in Ontario. So I'm very much interested in keeping that technology here. We think it's an appropriate discussion to have as to who should own that, and I hope the federal government will use the powers that it has to ensure that those technologies are not moved out of Ottawa.

The Vice-Chair (Mr. Garfield Dunlop): About seven minutes left, Mr. Sterling.

Mr. Norman W. Sterling: I'd like to go just briefly to the HST. I believe it was Steve, was it—

Interjection.

Mr. Norman W. Sterling: Could I just ask him a few questions about some of the—

Mr. Peter Wallace: Go ahead with the question.

Mr. Norman W. Sterling: Yes. I think you identified \$10.6 billion worth of tax relief in terms of the overall package, with regard to the HST, in response to the HST.

Mr. Steve Orsini: Let me just repeat and clarify: The \$10.6 billion is over three years, for people. The minister also mentioned \$4.5 billion in tax cuts for corporations.

I should go further to say that the budget also had targeted tax measures, over and above those elements, of providing for apprenticeships, co-op students and R&D tax credits—over and above that. That's over \$300 million a year.

Mr. Norman W. Sterling: Three hundred million?

Mr. Steve Orsini: Three hundred million a year. That's for the targeted tax cuts.

Mr. Norman W. Sterling: Okay, so the total is, over three years, \$10.6 billion plus \$4.5 billion?

Mr. Steve Orsini: Yes. If I can refer you back to page 134 again, it lays it out, both by element and also by summary. If you go to the very bottom line—I'll just read it out to you, because you won't have your budget in front of you. For total tax change—

Mr. Norman W. Sterling: No, I just want the total numbers. I want the total number for tax relief.

Mr. Steve Orsini: Okay. So, all-in, this is all the changes. For 2010-11, it's \$3.25 billion in total tax relief. In 2011-12, it's \$1.9 billion. In 2012-13, after the transitional payments end, it's almost a billion dollars of annual tax relief that continues in perpetuity.

Mr. Norman W. Sterling: And is that included in the \$10.6 billion or not?

Mr. Steve Orsini: The \$10.6 billion is only the personal income tax carved out of that. That includes the

transitional payments. I could break it down further. There's—

Mr. Norman W. Sterling: Okay, what is the HST revenue-neutral with? What is the number it is revenue-neutral with?

Mr. Steve Orsini: The sales tax component—if you just look at the conversion of RST base to the new sales tax base, so this excludes the low-income tax credits and the personal income tax, it increases by \$1.67 billion in 2010-11.

Mr. Norman W. Sterling: And then—

Mr. Steve Orsini: And then it goes to \$2.175 billion in 2011-12.

Mr. Norman W. Sterling: Okay.

Mr. Steve Orsini: So that's a change in sales tax revenue. Then you add in all the tax cuts that follow from that.

Mr. Norman W. Sterling: Now, according to the agreement that you have with Canada on this deal, there is an input tax credit—you can “temporarily deny for a period of up to five years a portion, up to 100%, of allowable business input tax credits ... based on a select list of items to be determined by Ontario....” What is that?

Mr. Steve Orsini: It's similar to what BC announced the other day. Essentially, under the memorandum of agreement with the federal government, the federal government had given the province flexibility in several areas. Besides the \$4.3 billion in transitional payment support, allowing point-of-sale rebates, they've given provinces that move towards the GST base what Quebec has. Quebec, right now, as part of their harmonizing with the GST, restricts certain business inputs. These are restrictions on business inputs that they would otherwise get, so they're restrictions on the input tax credits. They're temporary and they will be phased out. That was part of the transition from the old system to the new system.

Mr. Norman W. Sterling: So while you're going to get more in, in terms of the wider tax base—the HST does, in terms of a wider tax base for PST—you're going to deny the businesses the input tax credits. Is that correct?

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Mr. Steve Orsini: We are temporarily restricting input tax credits for things that are—many of them are currently taxable under the sales tax.

Mr. Norman W. Sterling: Which ones are you going to restrict?

Mr. Steve Orsini: The budget lays out a couple: businesses with over \$10 million in taxable sales—all small businesses are exempt—so if you're a financial institution or with sales over \$10 million. The restrictions are in the following areas: energy, more or less for own use—not for resale—so if you're buying fuel and selling it, it's not captured; it excludes manufacturing and farming; telecommunications; vehicles less than 3,000 kilograms, so vehicles that are taxable now; and then meals and entertainment. So if a business goes out and spends

money on meals and entertainment, we're holding back savings on that. There are some restrictions now under the GST, and we're just restricting it a bit further.

Mr. Norman W. Sterling: So what credits are you denying? How much is the total?

Mr. Steve Orsini: If you go to page 134, it's \$905 million, so it's a little over \$900 million in 2010-11, and then \$1.26 billion in 2011-12.

The Vice-Chair (Mr. Garfield Dunlop): It's down to a minute left here.

Mr. Norman W. Sterling: So in essence, what you're doing is you're saying to the business community and to us, "We want to improve business by implementing this heavier and wider provincial sales tax," but then you're going to deny some of the businesses the benefit they were expecting. Is that correct?

Mr. Steve Orsini: As part of the transition, and to help fund the corporate income tax cuts that will mature to more than \$2.3 billion a year when fully implemented—this is part of a transition, but when you look at the total tax package, we're cutting taxes by \$2.3 billion over the next four years, excluding the temporary transitional payments.

Mr. Norman W. Sterling: I'll take that as a yes.

The Vice-Chair (Mr. Garfield Dunlop): Thanks very much, Mr. Sterling.

Now to the third party: We'll do one rotation and then we'll break for lunch. In the cafeteria, for the committee members, there's a bit of a luncheon being put on—

Interjection.

The Vice-Chair (Mr. Garfield Dunlop): Sorry, in the dining room, at 1 o'clock.

Mr. Prue.

Mr. Michael Prue: Just one question came up while I was thinking, before I go back on the municipalities and the MUSH sector, and it was back to the aboriginal community. The other provinces that have blended the sales tax or have an HST, none of them offer point-of-sale exemption; we were the first one. So what makes the Ontario government think that you will be able to have any impact and stand alone on this issue?

Hon. Dwight Duncan: Well, we wouldn't be able to. The harmonized sales tax will be collected by the Canada Revenue Agency. You're absolutely right: In Ontario, of the harmonized provinces—and British Columbia, which is about to harmonize as well—by practice, we have had a point-of-sale exemption on the provincial RST. By harmonizing, it would require Ottawa to allow that practice, that administrative policy, to be pursued by Ottawa. We've urged them to do that. You're right: They would have to look at it similarly in all the harmonized provinces, and our hope is they will.

Mr. Michael Prue: So you're hoping against hope that the federal government is going to go against the policies of four other provinces and adopt Ontario's and then impose that on the four provinces that have never had it before?

Hon. Dwight Duncan: That has been our recommendation to them. It is their decision to do that.

Mr. Michael Prue: Back to the municipalities. I asked a question or made the statement specifically about Peel region, which, for example, estimates that the HST will cost them \$5 million. Has anyone met with Peel region to go over their figures or to see whether in fact they're right and we're wrong or vice versa?

Hon. Dwight Duncan: Have you met with them, Steve?

Mr. Steve Orsini: We met with their working group.

Hon. Dwight Duncan: Officials have met with their working group. I have met with Mayor McCallion. I have not met with the region. I'm not certain if they've requested a meeting either.

Mr. Steve Orsini: We've had several meetings with municipalities. There are two different groups: There's the AMO city of Toronto working group, and then there's the municipal finance officers. There were a number of people. I'm pretty sure Peel was represented. What we've agreed to do is, as they try to assess all the different changes as it would apply to them and then apply the rebate—the 78% rebate is a sizable rebate back to municipalities overall, and they're working through their numbers. I don't know whether they've completed all their due diligence on their estimate, but we know from talking to a lot of their suppliers, especially in the construction sector, that significant savings will be rolling through to those municipalities when they build roads and bridges. RST applies a lot to those materials used in construction, and that's going to be a significant savings. It's hard, from our analysis of what they prepared—whether or not they factored that in. So one of the things we've committed to do with the municipalities is work through the numbers with them.

Mr. Michael Prue: I don't know whether I got all the numbers down. You were rattling them off pretty fast before. I got down 87%, 82%, 93% and 78% for four different groups of the MUSH sector. Was that—

Mr. Steve Orsini: That's correct.

Mr. Michael Prue: I think the 93% was for school boards and—

Mr. Steve Orsini: It's 78% for the municipalities, 78% for universities and colleges, 93% for school boards, 87% for hospitals, 82% for charities and qualifying non-profit organizations.

If I can add, these definitions—what they call public service bodies is how the federal government defines them. What we negotiated, flexibility, was to adjust the thresholds to ensure that what they're currently paying in RST on their inputs—there'll be no net fiscal change for the sector as a whole once we're into the new system.

Mr. Michael Prue: Can you tell me—because the numbers, although they're all fairly high; they're all 78% or above—what the difference is, say, between a municipality and a school board, between 78% and 93%? Why would the school board get 15% more?

Mr. Steve Orsini: It's based on their current consumption of goods and services that were subject to RST. Municipalities are spending a lot in capital, and there's a lot of RST built in capital. That's what the business

community says. They turn to capital investment. So by removing the tax on those inputs—school boards might have been paying less in RST before, and therefore they would be getting a greater rebate back. So the less RST you paid before on your inputs, the bigger your rebate.

Mr. Michael Prue: So it's the reverse of what I was thinking: that the municipalities, because they already got an RST rebate, won't be getting as much of an HST rebate.

Mr. Steve Orsini: Because municipalities are paying more relative to, let's say, hospitals and school boards on their inputs now, the rebate that we would be giving them would be relatively less. It reflects the fact that they're currently paying tax on their inputs.

Mr. Peter Wallace: It's not the tax they pay directly; it's the tax that's built into the goods that they are buying. This is a critical construct that we need to go back to, as Steve went through the notion of—it's not about what you're actually paying in terms of a visible receipt; it's what's actually built into the cost that has been cascaded up. That has been, in an economic sense, one of the more problematic aspects of retail sales tax; that simply hides this and provides an incidence on, for example, the MUSH sector that is deeply problematic from an investment and other standpoint. So this is an effort, from that perspective, to both correct it but also ensure that the MUSH sector remains fiscally neutral as a whole.

So these rebates are essentially our best estimate, which we're working with the sectors on to confirm, about what the tax burden was that they were already carrying. Then we'll make sure that they are no worse off than they otherwise were—at least as well off.

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Mr. Michael Prue: I would assume that all four of these groups—the hospitals, the charities, the school boards and municipal sectors, and I guess the universities—have been consulted and are in agreement with the amounts that have been suggested.

Mr. Steve Orsini: We are working through—as I mentioned, municipalities, given their size and scale, we've had meetings with two of their groups, two of their representatives, and the work is still ongoing. We've had discussions with the school boards; charities and non-profit organizations are more dispersed, but we've had discussions with some of their representatives, as well.

Part of the discussion is more educational, for the same reasons we're having this discussion today: It's to understand the hidden part of the retail sales tax, and it is hidden. Then, once you explain the cascading effect through the system, they do have a much better appreciation of the purpose of moving to a value-added tax; so there's a much better appreciation of the benefits of doing that, but also how we arrived at our numbers.

Mr. Michael Prue: Would it be accurate to say—this is very complex, extremely complex, and I don't know how this is ever going to be explained to the general public or even to the school boards or some of the municipalities or the councillors and mayors across the 450 or

so municipalities. Would it be accurate to say, though, that the Ministry of Finance designed the rebate system to ensure that overall sectors are fiscally neutral but that the HST may not be fiscally neutral for each individual organization within them?

Mr. Steve Orsini: I think in a sense we have modelled it for the sector as a whole. Is that to say that there might be some adjustments within the membership of that sector? That would be a correct statement.

Mr. Michael Prue: All right. So before the adjustment takes place there may be in fact winners and losers within that as well.

Mr. Peter Wallace: There will have to be, almost by definition, unless—and we should be clear as we talk about this. Remember that even within the context of a static situation there are winners and losers as various institutions within that mix end up changing their consumption patterns of goods versus services, things that have embedded taxes in them or not. So from a practical standpoint, it's simply not possible even under a status quo scenario to imagine a situation in which the mix did not change.

Mr. Steve Orsini: In fact, under the existing sales tax system, depending on what they purchase in any one year, their net effect would have gone up or down. So year to year, even under the current sales tax system, there might be so-called—those that are benefiting and those that are not.

Mr. Peter Wallace: A school board that invested heavily in capital one year would be relatively disadvantaged relative to a school board that didn't, for example.

Mr. Steve Orsini: Exactly.

Mr. Michael Prue: Mr. Chair, how much time approximately?

The Vice-Chair (Mr. Garfield Dunlop): You have 10 minutes.

Mr. Michael Prue: All right. I'm not going to launch into the big one. I'll do a couple of the smaller questions that I had.

Auto executives' salaries are in the news today. First question: Ontarians have invested billions of dollars in making critical investments in GM and Chrysler. Ontarians are now major, major shareholders, and this government as well. Why are the compensation packages of senior officials being kept secret?

Hon. Dwight Duncan: First of all, we have a considerable amount of money in; you're right. We still are a small interest relative to other investors, including the government of the United States and others. We have, in fact, by agreement, appointed a board of directors at both General Motors and Chrysler to oversee. Canada has one representative on the boards of those organizations out of a total of, I think, 12 in both cases. Deputy, is that—

Mr. Peter Wallace: Thirteen.

Hon. Dwight Duncan: Thirteen. And we will rely on those boards to exercise their fiduciary responsibilities. Also there are a number of reporting requirements these corporations would have, but again our objective is to

rely on the boards of directors to make decisions with respect to the operation of those companies that are appropriate.

Mr. Michael Prue: The automakers say they are private companies and won't reveal the compensation packages for senior officials, but they're not private companies the moment that they've asked for government bailouts and for the government to become co-owners. Surely to God they have a responsibility to be more open, more direct with the taxpayers who are bailing them out.

Hon. Dwight Duncan: Again, we are part of the board of directors of those organizations. We will rely on the boards to exercise their fiduciary responsibilities to the proper management of those corporations, and we'll continue to rely on them for advice, moving forward. I think the Premier, President Obama and others have indicated that as governments we don't want to be running these companies. We are lenders at this point in time. We do have representation on the boards of those organizations and we will have to rely on those boards to exercise due diligence in fulfilling their responsibilities to the corporations, to the lenders such as ourselves and their employees and the general public.

Mr. Michael Prue: But surely we're much more than lenders. The government announced last week or the week before that there was to be a \$10,000 rebate to General Motors on their new Volt car, which caused huge consternation with Toyota, Nissan, Hyundai and all the other groups that have fuel-efficient cars. They have accused the government, and at first blush it looks reasonable, that we're giving rebates to a company that we partially own. Do we not partially own it?

Hon. Dwight Duncan: We have an interest in that, obviously. Relative to Canada and the United States, it's a smaller portion. Our interest, and the reason we've appointed a board of directors, is to manage the day-to-day affairs of those organizations. As the Premier, the Prime Minister of Canada and the President of the United States have said, it is not our intention to run the day-to-day affairs of those operations. Obviously we have a vested interest in their success. We believe we've given them the tools to perform successfully. I believe the boards of directors that have been appointed in both corporations are good boards, and I remind you that the auto workers have representation on both boards. We will rely on those boards to manage the affairs of those corporations to the best of their ability.

Mr. Michael Prue: You alluded to what the Premier said today, and I'm quoting from the Toronto Star. He said "I'm not looking ... to reach in and interfere with salaries awarded to executives." Do you agree with the Premier in saying that it is not the role of the province—I think you've already said that—as a shareholder in the auto companies to make sure executive compensation is reasonable?

Hon. Dwight Duncan: We believe that the affairs of the corporations should be managed by the board of directors of the corporations. We do have representation on the board, Canada has one person on each board—two people at GM, correct?

Mr. Peter Wallace: Just the one.

Hon. Dwight Duncan: Just the one on the board. We will rely on the boards of directors of those organizations to exercise their fiduciary responsibilities to the proper management of the organization, to lenders including Ontario, Canada, and the United States, with other stakeholders, with other interested parties.

Mr. Michael Prue: Workers at GM and at Chrysler—and I'm not sure about Ford, but we're not owners so I'm not that concerned—have made considerable concessions, huge concessions: reductions in salaries, benefits, pension benefits—huge concessions. Is the government at all, as a major player now, making sure that executives are making sacrifices as well, or are we content to let things go on as they always have been at Chrysler and General Motors?

Hon. Dwight Duncan: In the case of General Motors and Chrysler, I believe the UAW, the auto workers, do have representation on the board as part of their package. Again, we will leave the running of the companies to the boards of directors of the companies, which include representation from Canada as well as the auto workers in the United States, as I understand it. We'll have to rely on them for their best advice as to how to manage the affairs of the corporations, going forward, acknowledging the enormous sacrifice that auto workers have made, bond holders have made and creditors have made, and the undertakings by taxpayers as well.

Mr. Michael Prue: You stated in your opening statement that the whole fight against poverty will be "steeper and more rugged," and I think those were your exact words, than had been envisaged. Given the fact that the deficit has ballooned again and is now \$20 billion and seems to be changing—and, as you rightly said, every month there's a new forecast; sometimes it may be better; sometimes it may be worse—is there any realistic possibility that a real, concerted effort can be made on poverty, disability issues, housing, all of the things that the ministers are out there promoting?

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Hon. Dwight Duncan: Absolutely, and I outlined in my opening statement the kinds of undertakings we have made this year: increasing the child benefit, a considerable amount of money invested in affordable housing.

I was very pleased with the endorsements the budget received from a number of groups interested in poverty issues and addressing the challenges that those with very modest incomes face in the current economy. And while it has become steeper and more rugged, we're still climbing, and we're still going to keep climbing.

I can review some of the initiatives that I spoke about in my opening statement, Mr. Prue, if you like, but suffice to say, a number of those are proceeding. A number of them are part of the deficit. We think they're the appropriate response at this point in time, striking that balance between—there's also an issue around inter-generational equity, and that's where the deficit comes into account as well. But we are proceeding. My colleague Deb Matthews has laid out the plan, and we think it's appropriate.

Everything is affected by the economy. A strong economy will indeed help us lift more people more quickly out of poverty, but a weak economy does not, in my view, give us the excuse to simply do nothing, and that's why we had the announcements we had in the budget.

The Vice-Chair (Mr. Garfield Dunlop): Just a minute left here.

Mr. Michael Prue: Okay. In just a minute, then: You are running a \$20-billion deficit, and you've given the rationale for that. Are you prepared to increase that deficit in order to lift people out of poverty and disability? Are you willing to increase that, or are they going to have to wait until the economy improves?

Hon. Dwight Duncan: We outlined a very aggressive package of initiatives that are included in that deficit as first priorities; for instance, the near doubling of the Ontario child benefit from \$600 to \$1,100 for every child; \$3 million to establish community hubs; increasing Ontario Works and Ontario disability support program benefits by 2%; we increased the minimum wage by 75 cents on March 31 of this year to \$9.50 an hour, the sixth increase since 2003; \$700 million over the next two years with the federal government for rehabilitation; energy retrofits of 50,000 social housing units; more than \$360 million over the next two years with the federal government to help create 4,500 new affordable housing units for low-income seniors and persons with disabilities; \$175 million over the next two years with the federal government to extend the Canada-Ontario affordable housing program, which is creating new homes for low-income families; and helping low-income tenants avoid eviction by providing more than \$5 million annually in stable funding for municipal rent banks. We've doubled the senior homeowners' property tax grants so that low- and middle-income seniors living in their own homes will receive \$500 in support for their property taxes. We've enhanced the Ontario property and sales tax credits for senior couples as well. We've increased the amounts of unlocking permitted for Ontario life income funds from 25% to 50%. We've made an enormous investment this year.

But more importantly, and the thing that I think makes our effort particularly salient as we move forward, is that we're establishing measurables; that is, a very clear, defined set of measurables against which we will compare progress. I suspect that, as we measure and see what results are achieved or not achieved, that will give us a better basis upon which we can make future policy decisions. There's no doubt in my mind that we will have some success in some areas, and we will likely fall short in other areas.

I think I've outlined more than \$5 billion in new initiatives that were contained in this budget, and we intend, Mr. Prue, to continue to make those kinds of investments.

The Vice-Chair (Mr. Garfield Dunlop): Thank you, Minister. We'll now go to Mr. Flynn from the government members.

Mr. Kevin Daniel Flynn: Last night, I was talking with some friends from the CAW about the Ford situation at the Oakville assembly. They tell me that they're moving to pretty regular overtime shifts now. They're all working 10-hour shifts. The cars are starting to sell. So it just goes back to, I think, the wisdom of the auto strategy that allowed that plant to move to flex manufacturing. It can be pointed to as something that, I think, is a real success story for Ontario.

If we look at other areas of the economy, there's some good news out there but there are also some areas that do continue to struggle. It seems to me that as you were planning, as you were making the financial plan this year, you would have to inject a certain amount of prudence and a certain amount of caution, in these uncertain times, to ensure that the targets that were contained in the plan were achievable targets. I just wonder if you could elaborate on what prudence, what examples of caution, we might find in the plan for this year.

At the same time, I think, traditionally the first-quarter finances are released with public accounts, and you decided to go a different route this year. Could you just expand on that a little bit as well?

Hon. Dwight Duncan: Sure. We spent a good deal of time talking about some of the prudence contained in the reserve and contingency, which we have expanded. The intent of that was to allow ourselves flexibility both in the short and long term.

The medium-term fiscal plan includes a reserve of \$1.2 billion in each year. The 2009-10 fiscal outlook still includes approximately \$1 billion in contingency, to help mitigate against expense risks that may otherwise have a negative impact on results.

So, Kevin, as you well know, with ministry by ministry, program by program, sometimes there are over-expenditures in one area and underexpenditures in another, and sometimes there are overexpenditures in a range of areas, so we have the contingency and reserve. For instance, at the beginning of the year, we don't know how many people are going to go to hospital. What we do know is that it has been growing relatively rapidly in the last few years.

At the beginning of the year, we didn't know what the impact would be on social services associated with the down-town in the economy, or the impact of the federal employment insurance rules, which tend to harm Ontario. That means that an unemployed worker in Ontario will qualify for fewer benefits over a shorter period of time. Therefore, there will be a greater impact on Ontario Works and other social programs.

So we do that, and this year we provided considerably more contingency to respond to those unforeseen circumstances. I say in my public speeches, a year and a half ago who would have imagined General Motors and Chrysler effectively in bankruptcy? Who would have imagined Great Britain on credit watch? Who would have imagined the government of the United States being a major bank owner in the United States?

It appears as though things have stabilized. At least it appears as though we're not going to have any more of those giant sort of surprises, for lack of a better term, but it is because of that, because of that volatility, that we built in that contingency.

In terms of previous Q1 finances being released with public accounts and why not, the Fiscal Transparency and Accountability Act of 2004 requires that the government release updated information about our revenues and expenses for the current year on or before August 15 of each year. The Ministry of Treasury and Economics Act requires that public accounts for each fiscal year, commencing on or after April 1, 2003, are submitted on or before the 180th day after the end of the fiscal year, which is September 26 of this year.

In compliance with the FTAA, over the past 10 years, the first-quarter finances have been released in July or August, generally prior to the release of Ontario public accounts. In addition, since some revenue and expense information is unknown for a number of months after the end of the fiscal year, as is the case this year, public accounts are not being released simultaneously with the first-quarter finances.

So when public accounts come out, they will come out according to the statute that governs them. They will be much more robust in terms of final numbers on tax revenues and so on, both from last year and this year—the last fiscal year; excuse me—and how they impact on the final statements.

Mr. Kevin Daniel Flynn: Thank you, Minister. A lot of ordinary Ontario families have had to show a degree of restraint during these economic challenges. They expect the government to do the same. I'm just wondering if you could take us through some examples, perhaps, where you show that you've exercised that restraint.

People often talk about government spending; over-spending, perhaps, is the catchphrase that is used. At points in our history like this, that becomes a much more sensitive issue. I'm wondering if you could point to some areas of the fiscal plan where you can show that you've actually exercised restraint in spending.

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Hon. Dwight Duncan: Absolutely. We've been doing this throughout our mandate. Last year, we identified \$111 million in savings just through better management practices and so on.

Some of the specific examples this year: We've adopted a number of efficiency practices in holding the rate of growth in program expenditures below the rate of revenue growth. That's that 0.8% that I pointed out to you. We always strive for that. Anything that breaks out of that box is not sustainable in the long term. We froze MPPs' salaries for this year, as you know. We're limiting salary increases for deputy ministers and senior managers earning \$150,000 or more in a year. We're reducing the size of the OPS by 5% over three years through attrition. And as I indicated in my opening statement, we are expanding the mandate of Ontario Buys and making it compulsory.

We have managed, since coming to office, spending internally while continuing to invest in vital public services. I always get nervous—because many of the investments we made, I think, are the kinds of things we need to have a competitive economy. We need good education. We need good public health care. Those are enormous competitive advantages. I think Ontarians are naturally cautious and, to use Mr. Prue's word, wary when governments talk about cost containment and so on, particularly in the areas of health care and education.

So, internally, we strive to manage the resources we have; we help manage the resources we give to the broader public sector, and that will continue to be a challenge as we move forward. We want to make sure that every dollar we spend—most of that—goes directly to front-line services for people.

The Vice-Chair (Mr. Garfield Dunlop): Mr. Kular?

Mr. Kuldip Kular: As you know, there is a Chrysler assembly plant in my riding of Bramalea-Gore-Malton, and I want to thank you on behalf of some of the workers who have retained their jobs through the auto sector support you have committed through our government.

In the 2009 budget, I see there were a lot of things for seniors. Very recently, you announced some funding for affordable housing units. There were some to be built in my riding of Bramalea-Gore-Malton. I see the affordable housing unit funding is mostly for low-income seniors as well as persons with disabilities. Minister, can you say how all of that funding has been broken out?

Hon. Dwight Duncan: Yes. There was \$233.1 million announced for new affordable housing programs for low-income seniors and persons with disabilities, and to extend the Canada-Ontario affordable housing program. Overall, the province plans to invest, with the federal government, more than \$700 million over the next two years for social housing rehabilitation and energy retrofits; more than \$360 million to help create new affordable housing for low-income seniors and persons with disabilities; and \$175 million over the next two years to extend the Canada-Ontario affordable housing program, which is creating new homes for low-income families, senior citizens, persons living with mental illness, and victims of domestic violence. Altogether, this investment will be over \$1.2 billion over the next two years.

The Vice-Chair (Mr. Garfield Dunlop): Mr. McNeely?

Mr. Phil McNeely: I'm very interested in this significant change in tax policies, probably the most significant that we've seen—I'm not sure—in my lifetime. I think it's a whole different approach, and the basics behind it are making Ontario more competitive—and that's jobs for our kids and our grandkids. The federal government is contributing \$4.3 billion—they realize how important it is to Ontario—and \$1.6 billion to BC. There are groups that have been advocating to make this major shift, and jobs seem to be the biggest element of it. Who are the groups that are advocating for this major

change, and why, in your opinion, are they so strong in support of making Ontario more competitive?

Hon. Dwight Duncan: There are a number of individuals and organizations. I'll start with the federal finance minister, Mr. Flaherty, who said in his budget that it is the single most important step that provinces with RSTs could take to stimulate new business investment, create jobs and improve Canada's overall economic competitiveness.

The Ontario Conservative Party in their 2009 pre-budget submission stated, "The official opposition calls on this government to heed the call of the federal government and take immediate action to fix Ontario's uncompetitive tax structure." The day before the budget, the then-leader of the official opposition, Mr. Runciman, said, "I think, in theory, our party is supportive of harmonization."

Last week, Premier Gordon Campbell of British Columbia said, "This is the single biggest thing we can do to improve BC's economy. This is an essential step to make our businesses more competitive, encourage billions of dollars in new investment, lower costs on productivity and reduce administrative costs to BC taxpayers and businesses. Most importantly, this will create jobs and generate long-term economic growth that will in turn generate more revenue to sustain and improve crucial public services." His finance minister, my colleague Colin Hansen, said, "The PST is an outdated, inefficient and costly tax, some of which is hidden in the price of goods and services and passed on to and paid by consumers. Evidence from the Atlantic provinces showed that the hidden tax is removed very quickly, with the majority of the savings passed through to consumers in the first year."

Mr. Jack Mintz, Palmer Chair in Public Policy, School of Public Policy of the University of Calgary: "Nonetheless, sales tax harmonization will reap large benefits to the Ontario economy. The McGuinty government will go down in history for its leadership in moving ahead with a major tax reform that will only help the Ontario economy in the long run."

Carol Wilding, the president and CEO of the Toronto Board of Trade: "We looked for significant tax reform. There are big, bold moves in there that will make quite a significant difference." The Ontario budget is "very powerful from a business community perspective."

Ian Howcroft, the vice-president of the Ontario division, Canadian Manufacturers and Exporters: "Overall we're very pleased with today's budget, it addresses many of our longstanding issues and priorities. I think that it shows that the government was listening. We're particularly pleased with regards to the harmonization of the GST and PST, we've been advocating that for a long, long time. We're also very pleased with the announced reduction in the corporate tax from 12% down to 10%, so I think that is a very positive step for Ontario manufacturers, which ultimately will help the whole economy and all Ontario residents."

I could go on and on. The list includes people like Hugh MacKenzie, an economist and research associate at the Canadian Centre for Policy Alternatives: "Ontario's 2009-10 budget establishes the right direction for the next few years. It provides substantial economic stimulus. It is consistent with the new orthodoxy that relies heavily on governments to help rebuild damaged economies. It imposes some coherence on an incoherent federal plan. It increases support for low-income families and individuals. It modernizes Ontario's consumption tax."

The list goes on. I've got pages of them. Suffice to say that it is incumbent upon governments, in my view, to take a leadership role. We have been called upon to take decisive steps to help make this economy more competitive and therefore create jobs. When we looked at the available evidence, when we spoke to the experts, when we spoke to average businesspeople, the message that kept coming back was, "Have the courage to do the harmonized sales tax. It will pay dividends both in the short and the long term."

There's no doubt that consumers are wary of it. We have set up a range of tax reduction measures to help them deal with the change in patterns, and I believe that most individual Ontarians will be ahead, and certainly the competitiveness of this economy will be stronger, going forward. I will predict that you'll see other Canadian provinces do what we've done in the very near future, because I think it cuts across political lines. I think that all of us see the enormous advantage in a value-added tax system coupled with lower personal taxes and lower corporate taxes to make this economy more competitive. The most heinous part of the existing provincial sales tax is that it's in some measures a hidden tax, and consumers pay tax on tax on tax. This is fairer. It's more transparent. It's a stimulus to business, a stimulus to job growth. I believe very strongly, as do—and I've given you some of the quotes that we've had in support. Our job now, as a government, as a Legislature, is to convince Ontarians of the importance of that, to help them get over the wariness that has been identified, to help them understand a very complex piece and move forward. I believe that the results will be evident in fairly short order once we have things fully implemented.

1240

The Vice-Chair (Mr. Garfield Dunlop): We've just got a couple of minutes here.

Mr. Phil McNeely: I just have one last question. People who speak to me have the concern—and we've said it's revenue-neutral, that this is not to increase government revenues. Actually, they will be reduced somewhat. So how will we tell the people—in the future, how will it be clear that this is a revenue-neutral and a better situation from their perspective?

Hon. Dwight Duncan: We outline that right in the budget, and we've taken members through it earlier this morning in questioning. You can see it on page 134. There are a range of tax cuts. There are personal tax cuts I described in my speech. There are corporate tax cuts.

Both on the personal and corporate side, people will be further ahead. When you look at the sales tax credit we have offered, the new housing credit we've offered, when you look at the input tax credits that we're giving back to businesses—when you add everything up, you'll see that overall total tax reform measures in the first full year of implementation will save businesses and individual taxpayers \$3 billion in taxes; in the second year, \$1.7 billion; and in the third year, \$680 million less in taxes, and that goes on into the future. What we will see is a more competitive economy. What we will see is an increase in exports. What we will see is the removal of hidden tax. There's a hidden tax in everything you buy. So, over time, with a more efficient economy, with a growing economy, we'll see more people working; we'll be more competitive. That's why, particularly in the manufacturing sector—the forestry sector welcome this. You know the challenges we've faced in the forestry sector, particularly in northern Ontario. They've all welcomed this.

Again, in our view, it is the right policy choice to make now. It is incumbent upon all of us to help people understand it, to see how they will benefit both directly from it in the short term and in the long term—and in the medium and short term even benefit from it, in terms of the context of a more competitive Ontario economy.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, Minister. Before we go to lunch, we'll have Mr. Miller for the last 20 minutes.

Mr. Norm Miller: Minister, I'd like to ask you some questions to do with the community development trust fund. In question period, I previously asked a couple of different questions of ministers to do with the community development trust fund. On March 27, 2008, Prime Minister Harper and Premier McGuinty announced that Ontario would receive \$358 million from the federal community development trust fund, which was meant to assist one-industry communities. It's my understanding that Ontario has received that. I originally raised this issue because I was speaking with northern mayors in my past job as northern critic, and they were asking me, "Where'd the money go?" It was their understanding that it was to help these struggling one-industry towns that were and are still facing great challenges, so they wanted to know who got the money and where it went. It's my understanding that the Ministry of Finance is the lead ministry on this initiative. Is that correct?

Hon. Dwight Duncan: My recollection is that that money was used to enhance our skills training programs, such as Second Career and others. I am going to have to get back to you with respect to the precise allocations of those dollars. My recollection—and my officials are checking into this now—is that that money was in part used to fund retraining initiatives in the north and in the south; indeed, across Ontario. But if you'll permit me to respond to you later, I will.

Mr. Norm Miller: Yes, I would appreciate that, because I have asked two different questions in question period specifically to do with this and have not received

satisfactory answers to this point. As I say, it comes from northern mayors wondering where the money went. So I would appreciate receiving a detailed response as to where that \$358 million went. Specifically, it was supposed to go to the north as well, so I'm sure that folks in the north would like to know what money went to northern Ontario.

Moving on to the harmonized sales tax, tourism has been hard hit this year with the state of the economy, not to mention the weather; it's kind of a double whammy this summer. I know that a lot of the tourism businesses are really struggling. Your proposal, through the harmonized sales tax, is to increase the tax rate for tourism businesses from 5% to 8%, and I understand that the plan is to invest some \$40 million in marketing to newly created destination marketing organizations.

I just received an e-mail from a resort in my riding to do with that issue. They say, "I am very disappointed in the Ontario government's support of the tourism industry. I feel the tourism industry has been betrayed by the government."

"What was billed as a study to raise the awareness of the value of tourism to Ontario has turned into another source of revenue for the finance ministry."

"I participated in the tourism effectiveness study, made presentations and provided feedback and suggestions for the Sorbara report on a number of occasions. Now I wish I hadn't done so."

"As the new Ontario finance critic, I hope you can bring the tourism funding issues to the attention of the government at the appropriate time." So having received that e-mail, that's what I'm doing.

How much extra revenue will be generated by that extra 3% increase in the tax rate on tourism accommodations and attractions?

Hon. Dwight Duncan: The government has also committed some \$40 million to help offset that through marketing, so there again—and those tourism operators are going to see significant cuts in their corporate taxes. Larger operators will see their rate go from 14% to 10% over the next three years. Smaller operators will see their tax rate go from 5.5% to 4.5%, and they'll see a claw-back. So overall, again, we believe that the combination measures we've taken—and we are, Steve, I think, continuing to discuss and work with the tourism sector, if you'd join us, on some of the transitional rules and how to implement. But overall, tourism operators will see a significant tax savings on the corporate side. Steve, I don't know if you want to comment.

Mr. Steve Orsini: Yes, Minister. Just by way of background, so the committee understands it, moving to the single sales tax: There's right now 5% on accommodations; that will be moving to 8%. On admissions it's currently 10%; that will be going down to 8%. So for the tourism sector there are changes, some going up and some going down, but now it's the 8% rate.

There are a couple of key points. I think the minister talked about one of the key ones, back to the input tax credits. We know, based on doing some case examples

on the hotel sector, that a small hotel, given their current consumption patterns—we've shared this with the industry—would save on average about 3% on their total costs moving from the retail sales tax to the single sales tax. You can imagine a hotel—you're paying sales tax on all the linen, towels, furniture, appliances and all that. That's a cost of doing business that they'll now get input tax credits back for, so that's the first piece. The budget commits that by moving from 5% to 8%, that three percentage points, the province commits to give back the net revenue that the province receives from moving from 5% to 8%.

Mr. Norm Miller: So, to interrupt, is that the \$40 million?

Mr. Steve Orsini: That's the \$40 million. We explained to the industry, because they were saying, "We're trying to understand how you got the \$40 million." It's because of input tax credits. A lot of businesses use hotels when they're travelling within the province. They may incur sales tax when they stay at a hotel. They then apply for input tax credits, so we factored that in to arrive at the \$40 million.

1250

Mr. Norm Miller: If I may interrupt, though: You also said, in response to Mr. Sterling's question, that one of the denials of input tax credits, of the \$1.3 billion of denials, is meals and accommodation, or meals and entertainment—

Mr. Steve Orsini: Meals and entertainment.

Mr. Norm Miller: —which obviously is the tourism sector, so they aren't going to see—

Mr. Steve Orsini: Oh, that's for restaurant meals. I think we factored—all that has been captured in our analysis, and that's a net \$40 million. We can break it down further. We've done some case examples to share with the industry, and we've worked through the numbers. We've had many, many discussions, in fact involving Statistics Canada, to sort through the numbers. It was an important question from them, and they raised that. It's an important, serious question, so we spent time working with them on that.

So for a small hotel, it's about 3%; for a larger hotel, it's about 2%. That's important to keep in mind.

Also, one last point, if I may: We know that when the GST was at 7%, hotels also had, in many parts of the province, their destination marketing fee on top of that, so going from 5% to 8% is not that much different from when the GST was at 7% and our sales tax was at 5%. But I think the key thing is the input tax credits for hotels and the corporate income tax cuts that provide sizable benefits.

Mr. Norm Miller: Okay. Still sticking with, basically, tourism, part of the new face of tourism, certainly in my area—when you look at some of the traditional resorts that used to be there, they're being reinvented these days as fractional ownership properties. You're seeing old properties that were basically in danger, were either closed or not doing much business, pretty tired old properties, and all around my region they are being

reinvented as fractional ownership properties. So there's a tremendous amount of money being invested in capital, and a number of very successful operations.

I guess two points on that: First of all, I've just received quite a few letters from people in the business and also people who have purchased fractional ownership properties, because your government is now going after a land transfer tax to do with fractional ownerships. Give me a second; I shall read part of a letter I received. I've received 20 or 30, from various people.

"As citizens living in your riding and purchasers at the Landscapes in Baysville, we are writing to you to express our concern regarding a position that the Ministry of Revenue appears to be taking regarding implementation of land transfer tax on fractional resort ownership in Ontario. We have been recently informed that the ministry not only intends to tax the industry in the future, but also intends to make this tax retroactive seven years.

"When we purchased our fractional interval, we basically joined a club that affords us certain booking privileges for a number of weeks each year. We did not purchase real estate and our names are not on title; therefore, this transaction should not be subject to land transfer tax.

"During these tough economic times that have been devastating for the tourism industry in Ontario, we find it incomprehensible that the Ministry of Revenue would be proposing such a blatant tax grab on a segment of the industry that is essentially in its infancy and holds out such promise for enhancing the future of tourism in the province of Ontario. We would assume and hope that a policy decision or interpretation involving a matter of this importance would have included involvement and input from various levels of management and staff, not to mention the minister's office. To date, our association has seen no evidence that such a process exists or has ever taken place regarding this matter.

"We urge you to please pass our concerns on to the Minister of Finance and let him know that he must look into this situation. We look forward to hearing back from you...."

As I say, we're seeing traditional resorts that have been reinvented, if you will, and many of them are these fractional ownership properties where people go. They still do what they did in the past: They may stay a week or two at different times of the year. But this is another impediment to the success of this business. Minister, will you look into this situation?

Hon. Dwight Duncan: Yes, I will.

Mr. Norm Miller: Okay, thank you very much.

In talking to other people involved in the tourism industry just in the last day or so—and you say that business should be in favour of your proposed harmonized sales tax. Yet, speaking to people involved in the tourism sector, they're very concerned because they see—a gentleman I was speaking to yesterday sells fractional ownership properties. I don't know what one costs, but if it's, say, \$80,000 or \$100,000, it's basically an extra 8% on the price, so obviously that's going to pretty

negatively affect sales of those fractional ownership properties. The same gentleman was in the golf course business. The new proposed sales tax would also be 8% on the cost of these golf memberships as well, so obviously that's another huge impediment to sales. What do you say to somebody in those businesses?

Hon. Dwight Duncan: First of all, I'm going to have to look at the whole question of new versus older properties and resale. As you know, this tax would not attract to a resale. So I'm going to have to undertake to get back to you on the specifics of your question.

Mr. Norm Miller: I assumed that the person is in the business, so I assumed that it does apply.

Hon. Dwight Duncan: Again, what I'm discovering in my travels and meetings with people is, in fact, there is some misunderstanding. I think you raised the question in good faith, and I want to have the opportunity to give you a completely accurate answer, so I undertake to follow up with you on that.

Mr. Norm Miller: Okay. If we can come back to the deficit and your plans to eliminate it over time—because that's something, as I've stated previously, that I'm just a little skeptical about. I know you've laid out plans that show the deficit disappearing in 2014-15, I believe it is. We now know that the projection of the deficit has gone up \$4.4 billion more than you planned on it at the beginning of this year. What about all the other unforeseen aspects that may cause you to not be able to pay off the deficit; for example, the value of the Canadian dollar? It's at 92 cents right now. I believe in your budgeting for this year, you had a high of something like 85 cents. Have you got any contingencies built in for the next couple of years if it goes to par or higher than par, for example?

Hon. Dwight Duncan: All of those factors do go into our calculations; you're right. As I was talking about in questions from my colleagues, we have built in considerably higher contingency and reserve this year to account for that volatility. Again, be careful looking at anything at one point in time. Those numbers reflect a year-average price, whether it's on the value of the dollar or the price of oil and so on. But all of them are taken into account in our econometric modelling and, I should say, taken into account by the private sector analysts we rely on for advice in those areas.

With respect to the budget deficit and the projected time for elimination, you're right, there are going to have to be a number of tough decisions taken. For instance, we have laid out a path that eliminates the deficit over five years. The private sector economists have generally said that's a reasonable expectation. The federal government said they could do it in three years, and I think that's kind of all gone by the board now. There are challenges in that, and we do have to bend cost curves, and we do have to look at what I would call a transformational agenda in the years ahead on the spending side. I look forward to working with all of my colleagues in the Legislature as we move toward that.

Are there risks on the horizon? Absolutely. And do they involve the sorts of things that you've talked about? Absolutely. We will have to adjust and make changes as challenges become evident.

Mr. Norm Miller: What's your forecast for the Canadian dollar going forward to 2014-15?

Hon. Dwight Duncan: We don't publish five years out on that. We do various econometric analyses of the factors—that's for this year. We will make projections for the two years ahead, not necessarily outlining each of the specific undertakings line by line. What you'll find if you look at the budget, if you look at all the factors that go into it, some of them wind up being more than we thought, some being less, and there generally tends to be overall a wash. That's one of the reasons why we're generally on the expenditure and revenue side within 1% or 2% of our projections. But again, I remind you that a 1% variance in our expenditures is over \$1 billion and a 1%—plus or minus, by the way—variance in revenues is in the same order of magnitude.

So there are any number of factors that go into it. We do not generally make five-year projections. Doug Porter—

Mr. Norm Miller: But you're predicting—

Hon. Dwight Duncan: If I may, I'm trying to answer your question as completely as I can. Doug Porter, the chief economist at the Bank of Montreal, when we were developing this year's scenario, said that trying to make forecasts about the economy in today's environment is like trying to sell your house while the kitchen is on fire. So there is inherent risk, there is inherent volatility, and that's why we provided so much contingency and reserve this year as compared to past years.

The Vice-Chair (Mr. Garfield Dunlop): You've got about a minute and a half there.

Mr. Norm Miller: Okay. I will just stay on the same subject and ask about interest rates. Obviously we're at historic low interest rates right now. As we come out of the recession, I think it's safe to say that interest rates will over time go up. So what are you planning on going forward, over the five years that you say the deficit will be eliminated?

Hon. Dwight Duncan: Rising interest rates, I think, are on everybody's radar. I don't think I would conclude necessarily that they'll go up, and if they do, by how much. There's a divergence of opinion on that. But we do take interest rates—I mean, they have a direct consequence for us. We borrow. You'll see that, I think until this year, overall borrowing costs have come down. The Ontario Financing Authority has done a very good job at refinancing our debt, getting it profiled at lower interest rates. So there is a risk in out-years around that. Again, the way governments manage those risks is through contingency, through reserve, through proper planning, and we will provide for that.

Like you, I've heard various economists talk about rising interest rates in the coming years. I wouldn't hazard a guess today to say if they're going to go up or by how much, but suffice to say through our planning

processes, we do provide, I think, adequate contingency and reserve to deal with those changing circumstances.

The Vice-Chair (Mr. Garfield Dunlop): Okay. That just winds it up for now. We'll recess for lunch and be back here at 2 o'clock.

The committee recessed from 1304 to 1405.

The Vice-Chair (Mr. Garfield Dunlop): We'll reconvene the meeting. Minister, welcome back. We'll be starting this round with the third party. Feel free to go ahead.

Mr. Michael Prue: You're both safely ensconced in the seat. All right.

Hon. Dwight Duncan: Well ensconced.

Mr. Michael Prue: All right. Just a comment, but you can answer it if you'd like. When you were answering the question about poverty just as I concluded, and what the government might be expected to do, the answer came back on what the government has done in the past. Increasing the minimum wage: I don't believe that cost the budget any money at all, and if I'm wrong, correct me. You talked about the 11% over six years that has been given to people who live on ODSP and Ontario Works, which is slightly under the rate of inflation over those same six years, but you didn't talk at all about the clawback of the monies that the disabled make. Though you listed those as accomplishments, is that what we can expect in the next round?

Hon. Dwight Duncan: First of all, what we did this year was indicate the measures by which you judge your success or lack of success. Clearly, minimum wage is an important component of that, so we do include that. Governments do have a choice. They can not raise it, if they choose, or delay raising it—I think it hadn't been raised for a number of years prior to us coming to office. So we have taken many steps on a number of fronts, and I want to re-emphasize that. These are not things that we've done in the past; a number of the things that I outlined today are things that are being implemented now that were contained in the budget. So, not to put too fine a point on it, but we've taken a number of steps. We've invested a lot of money, it's been endorsed by a range of groups active in assisting people of more modest incomes, and we'll continue to work towards a meaningful reduction of poverty. I think what's most important, however, is that for the first time we've established what those measures are, and we're going to judge our performance against them going forward.

Mr. Michael Prue: I have a number of questions in other areas. I'd like to start with pensions. Recent rule changes related to shortfalls in pension solvency valuations allow businesses to spread their solvency payments from five to 10 years with the consent of active members or their collective bargaining agent and retired plan members. Have I got that right? That's what's happened?

Hon. Dwight Duncan: That's correct.

Mr. Michael Prue: Okay. Are these rule changes temporary or permanent?

Hon. Dwight Duncan: Those are temporary, the ones we've announced. We are looking at pension reforms and responding to the Arthurs report, and as I indicated here earlier this morning, we will be responding—I think there were 122 recommendations in the Arthurs report—likely with two pieces of legislation: one this fall and one next spring, responding to all of the recommendations contained therein.

Mr. Michael Prue: Okay. Can you explain how the consent process works, where a business is allowed to spread the solvency payments with the consent of active members or the unions? How does that process work?

Hon. Dwight Duncan: Peter?

Mr. Peter Wallace: I'm going to ask Steve Orsini to come up and explain this.

Mr. Steve Orsini: The solvency measures were first announced in December. We consulted with various groups, business and labour. We announced the parameters in the budget and the regulation has been introduced. Essentially, what we've done is adopt similar to what the federal government has done in terms of a consent mechanism. So it's really that one third have to vote against moving to a 10-year solvency from five years.

Mr. Michael Prue: I don't understand; one third have to be against?

Mr. Steve Orsini: Yes, that's correct.

Mr. Michael Prue: So if one third is against, it doesn't happen?

Mr. Steve Orsini: That's correct. There has to be proper notification, and there has to be a chance for—and if the union represents both the retirees and/or the union members themselves.

Mr. Michael Prue: So if the union were to say no, as an example, it wouldn't happen?

Mr. Steve Orsini: That's correct—the combination of both.

Mr. Michael Prue: Can you tell me how many plans or how many companies have approached the government for solvency relief since this was announced?

1410

Mr. Steve Orsini: I wouldn't have that on hand. I don't know when we received that. It's based on the first valuation, so a couple of points: One is, we made this retroactive until the end of September last year, because that's when the markets, as you recall, changed dramatically. There were a number of other measures. So we made that retroactive in the spring bill, and then we brought the regulation forward. Essentially, eligible plans at the first valuation from that date would be eligible. Some of them have yet to bring in their valuation, so we'll wait to see as it unfolds.

Mr. Michael Prue: Have there been a few? None? Hundreds?

Mr. Steve Orsini: We have gotten a lot of feedback that this has been well received. We can only go by what people have said: that this is important for them to meet their payroll obligations—but knowing that the markets fluctuate—and this gives them a little bit of breathing

room by amortizing it over 10 years. In addition—and it's outlined in the budget—if you're amortizing your solvency shortfall over 10 years, that can count toward your 15-year going concern payment. So it has a bit of a double benefit.

Mr. Michael Prue: You can't answer that today, but can you provide me with the number and the list of companies that have requested relief?

Mr. Steve Orsini: We may not have that immediately—and as they come forward—but we'll certainly endeavour to inquire on that.

Mr. Michael Prue: If you can provide me with a list of those that come forward by the end of this month or some time early next month, that would give me a fairly good indication.

Mr. Steve Orsini: There might be a lag as to when we get that information, so we'll have to endeavour to find out what we can give you and when.

Mr. Michael Prue: But it can be done.

Mr. Steve Orsini: I'll have to—

Mr. Michael Prue: Okay. I'm not getting unequivocal answers here.

My next question relates to what the minister has already talked about. Harry Arthurs released his final pension report last November, and he made 122 recommendations. Three of the key ones, though, were to increase the monthly benefit guarantee to \$2,500 a month; the second one was the vesting of employer contributions from day one, as opposed to two years; and the third one was to establish an Ontario pension agency to receive, pool, administer, invest and disburse pension funds. This is in two stages: one in the fall, one in the spring. When are each of those three main ones going to be dealt with?

Hon. Dwight Duncan: We haven't finalized that. One of Mr. Arthurs's other recommendations was an actuarial assessment of the PBGF, which is under way now. We have to discuss how, in the future, that will be funded, who will pay for it, how much. These are large issues. I'm not in a position to say at this point precisely when, but we will be responding to all of the recommendations in Arthurs in two phases, one beginning this fall, and the second likely in the spring session next year.

Mr. Michael Prue: I understand that, but am I safe to assume the key ones will likely come in the spring, as opposed to this fall?

Hon. Dwight Duncan: I wouldn't make those assumptions right now.

Mr. Michael Prue: I can't make the assumptions the other way, either.

Hon. Dwight Duncan: That's correct.

Mr. Michael Prue: Therefore, I can't get an answer at all.

Hon. Dwight Duncan: That's correct.

Mr. Michael Prue: I guess that begs, why can't we get an answer now?

Hon. Dwight Duncan: Because these are big, complicated issues. We have not, as a government, made the determination which ones we're going to proceed with immediately. There are a number of pressing realities

before us today that compel us to, I think, be prudent in moving forward. Members of the Legislature will have adequate opportunity to address or to debate the government's response or lack of response to any or all of the recommendations contained in Mr. Arthurs's report. Suffice it to say that we engaged this report some two years ago. We have already begun to respond to a number of his recommendations. You're right, those are big ones.

I think we do have to have a debate on pension solvency. I think we have to talk about the PBGF. We have to talk about the fact that it has been underfunded for some 30 years, that specific exemptions were granted under a so-called "too big to fail" clause. We can't repeat those mistakes, and we have to come to terms with the cost of this and then weigh that against alternative ways of dealing with things. So we will respond in due course. Mr. Arthurs spent a good deal of time in consultation; we in turn took his recommendations, put those out for further response, and now we're undergoing, in terms of the PBGF recommendation, an actuarial study of the PBGF, and we will have the government's response, as I say, either in the fall or the spring.

Mr. Michael Prue: At the last federal-provincial finance ministers' conference, a working group headed up by Ted Menzies was established to look at the whole question of pension coverage. This was not formally part of Dr. Arthurs's report, although he did briefly address it. What is happening with that?

Hon. Dwight Duncan: We had our first working group meeting last Wednesday in Calgary. My parliamentary assistant, Wayne Arthurs, attended that. There was agreement on establishing some working papers. In addition, a number of provincial finance ministers are meeting this Friday in Vancouver to discuss—I would term it broader than pension adequacy; the real issue for Canadians, in my view, is retirement income adequacy. Most of us do not have a pension. For instance, the OAS, which is federal, is funded out of tax dollars. That's expected to rise quite dramatically in the next number of years. So Mr. Menzies's group's work has begun. It was attended mostly by parliamentary assistants—I think one minister was there—and a number of ministers are meeting again this Friday. I know that the issue is going to be on the agenda of the Council of the Federation, which I think is meeting in Regina on August 6.

Wayne, I don't know if maybe you can add to the other things you talked about there.

Mr. Wayne Arthurs: Minister, I think you have it pretty clear at this point. A number of officials were there from Ontario and elsewhere. I think it was a very good sharing of information. Some provinces have done some considerable work with a particular focus, and we were certainly there to lend our hand and our expertise to that process. Jack Mintz is going to do some considerable work on behalf of the working group in pulling together the necessary research and to prepare papers for year-end.

Hon. Dwight Duncan: In addition, Ontario is going to be commissioning some of its own work on retirement

income adequacy going forward, but we haven't done that yet. And it's interesting, in the case of British Columbia, for instance, they're now moving off of their original recommendations.

I've said publicly, and I'll say it again here, I think this is going to be one of the most important issues we deal with. It goes beyond what I would call pension adequacy and deals with retirement income adequacy. There is going to be a vigorous public debate about that and how we move forward.

You would know this, Michael, because I know you've had a deep interest in poverty issues throughout your public life: One of the great successes of the latter part of the 20th century in public policy was the dramatic reduction of poverty among the elderly—

Mr. Michael Prue: Absolutely.

Hon. Dwight Duncan: —and we don't want to lose that. So we're engaging in a process.

I've had the opportunity to work quite closely with Greg Selinger, the NDP finance minister in Manitoba. I have not met my counterpart from Nova Scotia, but one thing I think all finance ministers agree on—and I believe there is a consensus now emerging among the first ministers as well—is that we do have to pursue this discussion about retirement income adequacy. As I said, I expect it will form part of the discussions at the Council of the Federation next week and we'll look forward to participating in that and to the input of members of the Legislature into that process as well.

Mr. Michael Prue: Is this a unanimous consensus going forward, or is Quebec going to be the odd person out?

Hon. Dwight Duncan: Quebec certainly has a—it depends on what you're talking about. Quebec is certainly interested in the issue and will participate—they have up until now—but this discussion will go beyond pension adequacy and discuss retirement income adequacy and the three pillars. Alberta and British Columbia have laid out a number of recommendations. Frankly, British Columbia is already talking about moving off some of those and looking at the issue in a different light, and so I think we're beginning the discussion. Here in Ontario, we've now completed the public consultations on the defined benefit portion of retirement income security and now we have to look at the broader range of issues, and I look forward to engaging in that discussion.

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But there is, I think, a desire to have consensus among the provinces, moving forward, if we can achieve that. Can we achieve it? I don't know. At the last meeting up at Meech Lake, there was certainly an expressed desire to try to achieve consensus.

Mr. Michael Prue: Is there a specific date for reporting back? Is there some time frame to put on this?

Hon. Dwight Duncan: Not at this point. I think this Friday we'll begin that discussion, and likely the Council of the Federation, we'll hear more about that from them.

Some provinces want to move very quickly; for instance, again, British Columbia has done a considerable

amount of work in preparation, although they are now moving away from their original recommendations. Other provinces, like Ontario, have focused on defined benefits but have not looked at the broader question. That's part of what this research initiative is about. That's part of what we're going to be talking about, moving forward.

Mr. Michael Prue: Is it fair to say that, broadly speaking, a number of possible solutions to the coverage issue will be discussed—I think you've already said that—ranging from some tax incentives floated by the insurance industry, to an expansion of the CPP, to establishment of an Ontario pension plan. Any of these things—are they all being discussed? None of them?

Hon. Dwight Duncan: None of them are being discussed specifically this week. What we are going to be talking about is moving forward. We're beginning to do research. We do have to do consultation on something this broad. We want to look at the broad question of retirement income security, the proper role of the federal government and the proper role of the provinces. How do private plans fit into that?

It's a very large, complicated piece. I know with Mr. Arthurs's report, we were focused just simply on defined benefit plans. There was enormous input over two years. Subsequent to the recommendations, there was again enormous input over I think six months, and additional time to respond.

I think there will be greater clarity coming out of the Council of the Federation next week with respect to the direction the first ministers want to take us in. Suffice to say, we have begun some of our work in due diligence, and there will be, I imagine, considerable opportunity to discuss these issues in the coming weeks and months.

Mr. Michael Prue: That goes down to my last question on this. This is a huge issue for many people and I think for all members of the Legislature. Are there any plans to involve the opposition parties and the people of Ontario in advance of the legislation being put forward into the House?

Hon. Dwight Duncan: To be candid with you, those are the kinds of things that we can talk about. I know that your party has had public hearings around Ontario with respect to defined benefit plans, I think. I think that's a worthy undertaking. As you know, my staff have met with your staff to talk about these issues and have given them considerable briefing on the PBGF particularly, up until now.

My sense is that there will be good opportunity in advance of legislation to debate and discuss these issues. Obviously, on something of this nature, hopefully, we can arrive at consensus on a number of things, and where there's division, where there's debate, fully understand each other's positions and then proceed from there.

The Vice-Chair (Mr. Garfield Dunlop): Okay, you have another minute there, Mike, for a quick question.

Mr. Michael Prue: I'll just let it go. I don't want to start a question in a minute.

The Vice-Chair (Mr. Garfield Dunlop): Okay?

Mr. Michael Prue: Yes, just let it go.

The Vice-Chair (Mr. Garfield Dunlop): All right, then we'll move it over to Mr. Arthurs.

Mr. Wayne Arthurs: Mr. Chairman, thank you very much. One of the interesting parts about estimates is that it gives you a chance with the minister to explore a broad range of files and have the opportunity to have those on the record, and for each of the parties to pursue them accordingly.

One of the matters that we haven't had a chance yet today to discuss and get the minister's thoughts on—the processes, successes, and challenges—is the entire auto insurance file.

When we came to office in 2003, there was some substantive work that was undertaken at that point in time to make legislative changes. As part of that legislative change, there was a built-in requirement that the province undertake a review through FSCO after five years, or in that kind of time frame. The process of that review has been ongoing now for some time.

Minister, would you provide me with an update, your sense of what has transpired in regard to that review and how you see things today on that particular file? I'll have a couple of follow-up questions as well, but the overview would be certainly helpful.

Hon. Dwight Duncan: Thank you, Wayne. In your capacity as my parliamentary assistant, you've led the way on a number of the consultations that went on over the course of the last year. I think we started them last summer. We had over 90 submissions from various stakeholders.

FSCO has posted and made public a number of recommendations that we have, again, taken out and consulted on. We have heard back from a number of stakeholders. I had hoped to have this wrapped up by the end of June, middle of July. The complexity of the issues and the response has led us, as a government, to sort of say, "Okay, let's pause. Let's reflect again on these." I do believe we'll be coming forward with recommendations fairly shortly, but I think this five-year review is very healthy.

FSCO had a number of recommendations, some of which may or may not be adopted by the government; others may or may not. We haven't concluded that at this point, as you know. Hopefully we'll be in a position to respond publicly fairly shortly.

Mr. Wayne Arthurs: One of the challenges, I think, in insurance, on an ongoing basis, has been either fraudulent activity or insurance scams of one sort or another. Certainly, over the years we hear a lot about issues around car repairs, towing and all kinds of things related to it. Are there any particular initiatives that have been taken recently or that are proposed to be taken that would provide some assistance in ensuring that the public is not the victim of fraudulent activity or auto-related insurance scams, whether it be the physical vehicle or the health of individuals, as consumers, particularly those inadvertent victims of injury that are, obviously, under the stresses of dealing with their injury? Certainly we

want to avoid them being taken advantage of in the system in any way.

Hon. Dwight Duncan: Again, this is part of the overall package. You're trying to strike that balance between fair premiums, adequate coverage, cost pressures or related things like fraud and so on, and FSCO has provided a number of recommendations in this area. That is the balancing act you try to find, the balance between a fair premium and good coverage for the consumer, making sure that we have the regulatory environment that allows us to minimize things like fraud so that more benefits can be paid to those that lay claim on insurance policies. We'll continue to work with FSCO on this balanced package of insurance reforms that will help stabilize auto insurance premiums and continue to protect consumers.

Again, you pointed out that since 2003—premiums are lower now than they were in 2003. In the last couple of years, they have gone up, so they've eaten into some of those savings we've found. Our desire is, again, to strike that balance between fair premiums and adequate coverage, and that's why we're looking at a range of these reforms, including recommendations around fraud and accident/sickness benefits. All of these things weigh into it and weigh into the cost of auto insurance.

Mr. Wayne Arthurs: One of the particular challenges, I think, that we see—and Mr. Christie has led this from the standpoint of FSCO and has pointed it out—is the capacity to provide consumers with information, both information about selecting insurance, about availability, about cost and choice, as well as providing information to those who may find themselves in particular need. That has been a challenge, and remains so, to some extent.

Any particular thoughts or initiatives you can see coming forward that's going to provide a window of opportunity for the public to have the opportunity to take maybe a greater degree of control? I've seen in the media that there has been an increasing focus on opportunities to take advantage of the new technologies as one searches out opportunities for managing costs and product.

Hon. Dwight Duncan: Well, first of all, in this five-year review, recommendations are posted online. People have the chance to respond. The government has implemented a series of initiatives, again, to better protect and inform consumers. We've created a new website to provide more consumer-friendly information about auto insurance, including an online educational rate tutorial that helps consumers better understand how their rates are set;

—protecting consumers by prohibiting insurers from cutting them off after one inadvertent not-sufficient-funds cheque;

—ensuring that all insurers offer endorsement that permits policyholders to exclude specific drivers from their policies;

—banning credit scoring and the use of other economic and lifestyle factors for setting auto insurance rates or determining who gets coverage;

—disclosing commission rates by insurers and brokers after a request from the province, and disclosing contingency commission arrangements by brokers and the number of insurers they represent;

—releasing an auto consumer bill of rights in the form of a brochure for consumers in a number of different languages.

The best defence against fraud and so on is a well-informed consumer. So not only in terms of the recommendations, we will come forward with some of the steps we have taken to date to deal with those kinds of issues.

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Mr. Wayne Arthurs: Mr. Chairman, I believe that Mr. McNeely has some questions he'd like to pose.

The Vice-Chair (Mr. Garfield Dunlop): Mr. McNeely, please go ahead.

Mr. Phil McNeely: I know that the Nortel pension issue was discussed earlier, but I've met with several people in my riding of Ottawa-Orléans who are very concerned about the issues around that. One of the issues that you discussed this morning was the crystallization of the pension funds, as you put it, and the requirement to purchase that annuity at a very bad time. You said you were looking at the Quebec legislation, that there were certain investment risks that were of concern to you.

When do you feel that there might be further information coming forward to the people who are concerned with the pension and whether there will be added flexibility beyond the annuity option?

Hon. Dwight Duncan: As I indicated earlier, I've also heard from pensioners at Nortel, as I know you have. Thank you for passing on the concerns of your constituents.

We are looking actively at a range of options, as we speak. There has been no formal request up until this point. The issues raised by your constituents and others are an intriguing part of that mix of potential options available to the government to respond, and so we will continue to look at those options, not just in the context of Nortel, but in the context of the pension benefits guarantee fund going forward. We have looked at Quebec. We're not sure that the Quebec legislation achieves what some think it achieves. We are looking at that actively among a number of other options. Obviously, this could come to fruition soon. I don't want to give a specific date. We may be driven by court processes and by what the stakeholders themselves do. Suffice to say we're looking at a range of options that may or may not assist us and assist those employees who could be impacted by the situation and the pension plan at Nortel.

Mr. Phil McNeely: Thank you. Chair, I think Mr. Flynn has a question.

The Vice-Chair (Mr. Garfield Dunlop): You still have 10 minutes in this rotation.

Mr. Kevin Daniel Flynn: Okay. A few of us spent some time last week down in Philadelphia speaking with some of the state legislators. When you see some of the challenges that they were facing at the state level, to be

honest, I felt very fortunate to be from Ontario. I just wonder, do you do a ranking of the economy in our jurisdiction as compared to other jurisdictions? How well have we fared? Can you sort of quantify the drop that we've experienced in comparison to other jurisdictions, at the state level particularly?

Hon. Dwight Duncan: In my opening remarks, I think I indicated that Ontario has the seventh-largest economy in North America. So we're big relative to a number of the states in the United States. It's difficult to compare state governments with provincial governments because of the different legal environments. As I understand it, a number of states can't borrow money, for instance. So there's a range of challenges there, comparing apples to oranges and apples to apples.

I think it's fair to say that because of the downturn in manufacturing—particularly the auto sector—and forestry, Ontario went into this downturn sooner than other Canadian provinces and probably will be slower coming out of it.

Anecdotally, I remember attending a finance ministers' meeting just a little more than a year and a half ago, and normally you go around the table and you start on that side with Quebec and it ends up on this side with Ontario. All of the finance ministers were giving very rosy outlooks about what was happening in their provinces, and Ontario's wasn't as rosy at that point in time, because we'd already seen the manufacturing and forestry sector. But what's interesting is how things have changed since then. I don't say that with any particular satisfaction, because we as a country—all our prosperity is linked to one another. Alberta's had enormous challenges resulting from the decline in the world price of oil. Saskatchewan, which had been doing relatively well, and still does well relative to other provinces, has even seen things because potash prices have fallen. Other provinces have experienced challenges sector by sector, some worse than others, some more than others, but we still are the largest part of the Canadian economy. We will lead—Canada will come out of this when Ontario comes out of it. We've been able to partner with the federal government on a number of initiatives related to the economy. And so we have our own unique challenges but we have our own unique strengths. Moving forward, you can look at any number of indices that indicate relative performance. Stats Canada provides those.

I watched this morning on CNBC—they spent a lot of time discussing the situation in California, for instance, and the situation in New York state and the situation in a number of state governments. It's difficult to compare us with them, but I think overall our economy has remained strong. We have a number of things to be positive about. We have taken steps on tax competitiveness to continue to build on that strength. We believe education is crucial, a crucial competitive advantage. Public health care: I don't know about you, but I've been watching the debate in the United States with just enormous interest, and they are wrestling with enormous challenges. Our sister provinces have their own challenges that, through no

fault of their own—I would say it again, this cuts across political lines; some governments are Conservative, some NDP, some Liberal—we've all faced. I think the one thing most people I've talked to understand is that a lot of what's gone on in the economy today is beyond the control of any one government. I think watching the G20 work well together, the G8 work well together, seeing the stimulus packages that have been agreed to around the world, that's one of the things that has now stabilized, at least for the moment, the financial sector.

I believe strongly that the investments we've made in the automotive sector are going to bear fruit. I think we're already starting to see that. You spoke eloquently this morning about flex manufacturing and the importance of that to the Oakville Ford plant. And so I think, relatively speaking, we are and we'll continue to be a very strong component of Confederation. I believe the policies that we've put in place will help us come out of this bigger, better and stronger than we were when we went into it.

Mr. Kevin Daniel Flynn: One of the issues, certainly in the States, that a lot of our colleagues down there were talking about was obviously the real estate product and the subprime mortgages. That certainly has been a major thorn for them. You mentioned auto and forestry. Is there any other part of our economy you can point to that is either going to be a real challenge or is one that holds some real promise?

Hon. Dwight Duncan: Manufacturing in general and forestry will continue—I mean, the real promise is in high-tech wireless communications. Financial services: One of the things we saw coming out of what happened in the US last year is how much better regulated our financial institutions are. Back 10 or 12 years ago, when there was a huge move to deregulation, the federal government resisted that. We've come through this, relatively speaking. Our banks are viewed among the best in the world. Toronto is the third-largest financial centre in North America. There has been a huge increase in employment in the financial services side. Not only are we big, but we're good at it, so you'll see growth, I think, in the coming years in that sector. The high-tech sector: We've invested in a lot of media development, digital media. We're attracting some of the best companies in the world. We're attracting all of the auto sector, not just the Detroit Three. But all of them, as you know—Toyota and Honda—have been challenged. The governments at the national level have been involved in helping to stabilize that sector.

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So we will see. Some sectors do well, others won't do so well. Manufacturing will continue to be challenged, moving forward, but Ontario's economy has, over time, lessened its dependence on manufacturing. I think manufacturing accounts for about 17% now. Pat Deutscher, our chief economist—maybe, Pat, you could address a bit of that, some of the sectors that are doing relatively well, or we expect well, and maybe there are some others that we don't expect such positive results from.

The Vice-Chair (Mr. Garfield Dunlop): Your name please, just for the record.

Mr. Pat Deutscher: Pat Deutscher, ADM of the office of economic policy at finance.

The Vice-Chair (Mr. Garfield Dunlop): Thank you. Go ahead.

Mr. Pat Deutscher: Minister, I think you did address and identify many of the sectors that have real strengths in Ontario, going forward. The financial services sector is one that has been particularly prominent. It's striking that our financial services sector, despite being subject to those same forces as other parts of the world, continued to grow in terms of output and the number of employment, even as the overall economy has weakened. That really is a sign of fundamental strength.

I think that a lot of the vigorous sectors that we see in Ontario are really based on knowledge. I think that the strength of our universities and our health system, for example, means that our biotechnology industries and pharmaceuticals and medical imaging sectors like that that Ontario has had—they've been really prominent.

I think the key point is that the economy will always continue to evolve. Sectors come, rise and fall in relative strength. There's a report out yesterday by Statistics Canada about the evolution of Canadian manufacturing over the fairly long term. Taking a quick look at it, it looks like an awfully good study. When you talk about Canadian manufacturing, to a large extent you're talking about Ontario manufacturing. Basically, it addresses the question, are we deindustrializing? Is there any evidence for deindustrializing? The answer, basically, is no. The manufacturing sector has continued to grow over time; it has cyclical ups and downs. But the rest of the economy, the service sector in particular, has grown faster, so that over time, our relative dependence on manufacturing has declined.

Mr. Kevin Daniel Flynn: Just so I'm clear—

The Vice-Chair (Mr. Garfield Dunlop): I think you're pretty well cleaned up on your time here. Quick question?

Mr. Kevin Daniel Flynn: It was really short.

The Vice-Chair (Mr. Garfield Dunlop): Okay, do it real quick.

Mr. Kevin Daniel Flynn: You said that the manufacturing sector has continued to grow; it's just taking up a smaller proportion of the overall economy. Is that true year after year?

Mr. Pat Deutscher: No, it absolutely is not. Manufacturing is a cyclical part of our economy, a cyclical part of any economy. So if you look at the recent years, there is no mistaking the pressures on manufacturing, both in terms of output and, more importantly, in terms of employment. So no, that's a long term—

Mr. Kevin Daniel Flynn: I just wanted to be clear on that, Mr. Chair. Thank you.

Mr. Peter Wallace: Just as a broader structural point, one of the unique challenges of this particular economic downturn is how much of it is externally driven. Many of the sectors that the minister talked about are sources of

relative strength, sectors that are based largely in Ontario, with suppliers and links largely within Ontario. The manufacturing sector is, of course, extremely open and extremely prone to trade, a great deal of that with the United States, particularly in vehicles and parts. We are therefore kind of side-swiped very severely by the US decline in demand.

The really good news story is that that US decline in demand and credit-freezing that happened also really badly damaged their markets in a way that hasn't migrated north; we have been insulated from that to some considerable extent. But it does kind of exacerbate and exaggerate the cyclical aspects of manufacturing.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, and we'll now go to Mr. Miller.

Mr. Norm Miller: I'd like to ask questions to do with GM and Chrysler government assistance. According to an article in the *Globe and Mail* from June 2, "Under the deal, GM will have an initial public offering in 2010. Canadian governments must divest 35% of their stock within three years, 65% within six years, and the rest within eight years—regardless of the share price and potential for taxpayers' losses. Officials said that there is a certain flexibility around the timing of the share sale, but those minimums must be met regardless of the state of the economy at the time."

Given that the Ontario government cannot time the sale of the GM shares so as to get the best price, does the Ministry of Finance have any projections as to the loss on the investment made by the Ontario taxpayers as a result of the sale of GM shares at those set dates?

Hon. Dwight Duncan: I'm going to allow my deputy to respond to that first.

Mr. Peter Wallace: The accounting for it is fairly straightforward. The total investment in the auto sector is approximately \$4.8 billion. The actual fiscal cost associated with that is \$4 billion. That is, of course, the dollar amount that is reported in quarterly Ontario finances and consistent with the minister's remarks back in June of this year.

The question of the value of the equity we hold will be something that will be determined by the markets. At some point, Ontario and Canada will move—I think there will be a policy move—to devolve some of that. That will likely occur through some part of an initial public offering. That will be determined by a discussion between governments. It will be a function of the state of the markets. It will likely be heavily influenced by the nature of the recovery the companies demonstrate and it will also be heavily influenced by actions of the US Treasury in terms of its share. So all of those things mean, quite frankly, it's very difficult to put a definitive price on that. The cost is the \$4 billion that we have outlined. If there is value to those shares, that will serve to reduce that cost.

Mr. Norm Miller: Okay. So is this article correct when it says that Canadian governments must divest 35% of their stock within three years and 65% within six years? Is that part of the arrangement?

Mr. Peter Wallace: There are various arrangements. I don't think that's a fully accurate description. I do not believe that the government of Canada and Ontario have put themselves into a straitjacket in terms of a specific timetable associated with the devolution of those assets.

Mr. Norm Miller: Okay, thank you. As of November 2007, GM Canada had a pension deficit of about \$4.9 billion. Reports say it ballooned to \$7 billion after financial markets crashed last year. Could you please inform the committee of the real, current value of GM Canada's pension shortfall?

Mr. Peter Wallace: The restructuring of General Motors and General Motors Canada achieved a number of critical pieces, and I'll ask Steve to talk specifically to the current value of the GM pension. The company itself, the parent company and of course the Canadian subsidiary, was in very significant financial difficulty through a whole variety of factors, including pension liabilities, liabilities to suppliers, a whole variety of other questions. Through the combination of investment by the US Treasury, investment by the government of Canada, investment by the government of Ontario, a range of very significant concessions by labour groups on both sides of the border and of course some significant changes in the value of the bonds associated with those enterprises, we ended up with a substantially restructured new corporation.

For Ontario—and this is not the case in the US—we were able to take all of the existing General Motors assets and liabilities and move those over into a fundamentally restructured new corporation. So all of the existing productive facilities, unlike in the United States, where there will be some additional closures and other elements continuing, we were able to secure those assets. At the same time, we were able to fundamentally address the liabilities that had made the company into a company that was on the verge of bankruptcy, both in the United States, where it did file for bankruptcy, and in Canada, where it managed to work through the process without a formal CCAA filing.

As part of that, the pension liability has been effectively defeased as a threat to the viability of the company. We have also been able to ensure that residual aspects of that which were problematic from a public policy perspective, particularly the 5.1 election or the earlier "too big to fail" decision, were effectively moved out of existence as well, and that was agreed to by the company and of course the bargaining agent.

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Mr. Norm Miller: Therefore, is it true that GM plans to use the savings generated through their union agreement, and as much as \$2 billion from the government loans, to make a \$4-billion contribution to its pension shortfall?

Mr. Peter Wallace: All of General Motors has been restructured as part of a north-of-\$50-billion enterprise-wide restructuring, with contributions from US Treasury, the government of Canada, the government of Ontario, some contributions in kind from UAW, CAW, and some

involuntary contributions from bondholders. That in effect allows the US company to defease its obligations and allows the Canadian arm to defease its obligations. As part of that, yes, the pension issue was a significant impediment to the future operating structure of the company, so there are contributions made by the Canadian enterprise into the pension fund that put it on a stable basis and make sure that it is no longer a threat to the viability of the enterprise going forward.

That is tremendously important from the perspective of active workers, pensioners, and of course simply the existence of the employer and the ability of the company to continue producing cars in a competitive way.

Mr. Norm Miller: To be clear, you're giving GM Canada provincial tax dollars to pay for its pension obligations, even though 70% of Ontarians don't have a pension of their own.

Mr. Peter Wallace: We have ensured that the competitive dynamic of the company—this is a company that was ill, that had no reasonable prospect of continuing operations in its current structure. It shared that precisely with the US parent as well.

As part of the overall restructuring, we have addressed the liabilities, in conjunction with US Treasury, the government of Canada and the government of Ontario, to ensure that the liabilities that were outstanding, the liabilities associated with the pensions, the liabilities associated with parts suppliers, the liabilities associated with bonds, revolving bank accounts—all of those have been effectively addressed so that the company is put on a solid footing going forward, and it's now essentially in a strong competitive position.

Mr. Norm Miller: But to be clear, there are provincial tax dollars going to bail out the pension, whereas the federal Minister of Industry has said that federal dollars are not going to bail out the GM pension.

Mr. Peter Wallace: We have all put money into the broad restructuring of the fund. That money went to US Treasury. Ontario money goes into the government of Canada. That's then distributed to US Treasury. That then works its way through to the parent company and then through into the defeasement of the liabilities associated with the Canadian operations.

Mr. Norm Miller: So is the Ontario money being used differently than the federal money?

Hon. Dwight Duncan: No. In fact, our money went to the federal government. It did not go directly to General Motors. The federal government then, as the deputy said, took that money, and it went to the United States Treasury, and through the United States Treasury the flow of funds has gone to—the newco, I guess?

Mr. Peter Wallace: Yes.

Hon. Dwight Duncan: The newco. So our money in fact went to Ottawa. We didn't pay anything directly.

Mr. Norm Miller: How can you justify taxpayers' dollars to support the GM pension fund when Nortel pensioners are left wondering just what will happen to their pensions?

Hon. Dwight Duncan: First of all, the terms of the agreement are that GMCL will put a \$4-billion con-

tribution into their own pension. Over the next five years, they'll be paying \$200 million in. The company is still viable. We have loaned the newco money. So there was no direct payment into the pension plan.

With respect to Nortel, first of all there has not been a filing yet under the PBGF. I would not draw conclusions at this point with respect to what will happen. As I indicated this morning to your colleague Mr. Sterling and to Mr. McNeely, there have been a number of ideas put forward. We're looking at them from an overview perspective as to how to respond in the event that there should be a claim, but the money for General Motors Corp. is actually, again, Ontario's money. It went to Ottawa, from Ottawa to the United States Treasury, then the loans to General Motors Corp., and they in turn have undertaken certain obligations with respect to managing the pension issues.

Deputy, did you want to add to that?

Mr. Norm Miller: On the point, though, you differentiate between Nortel and GM by saying GM was viable. They were bankrupt and Nortel was bankrupt as well, so GM wouldn't be here if there wasn't a whole bunch of government money in it right about now.

Mr. Peter Wallace: I want to spend a second on the GM context, and this applies to the Chrysler context as well. I want to remind members of the context that was faced by the government of Ontario and the government of Canada in late fall of 2008. It became apparent in the late fall of 2008 that the companies were going to file, that they were technically bankrupt, that they did not have the cash flow relative to the market that they had to allow them to continue in terms of operations.

To be very frank and very direct, the full depth of the commercial dysfunction in those enterprises was not fully apparent, nor was the complete absence of partnerships other than Fiat which would be viable, so it was very difficult, speaking very frankly, for the US Treasury, for the government of Canada, for the government of Ontario to make a realistic estimate of the ultimate cost of any type of element. But even under the Bush administration, it became apparent that the government of the United States was going to intervene directly in these enterprises and it was going to intervene to put them on a stable footing. That basic policy thrust was carried forward by the Obama administration. In that sense, and I think the Prime Minister has been very eloquent and clear on this subject, the opportunity for a normal commercial restructuring, to the extent that such an animal ever does exist, a commercial restructuring in which the assets are deployed through commercial mechanisms, was simply never going to be available in that context.

We faced a very difficult policy choice in conjunction with the government of Canada. The minister spoke to this earlier: We either participate or we lose at least GM and Chrysler as part of the assembly industry. We know that there is a strong link between the assembly industry, the parts industry and, of course, with the parts industry, between that aspect of the assembly industry and the whole industry. The government of Canada took that

very seriously. They came to a conclusion that this was simply too big a risk from a macro perspective to accept. They looked to the government of Ontario to participate in that arrangement. We worked as full partners—one third, two thirds—in order to support a proportionate restructuring of the industry in which we were able to ensure that Ontario's share—and it is Ontario's share—of the industry was going to maintain, was going to be stable. At the same time, we were able to secure appropriate commitments around new investment, R&D and a few other areas as well, going forward.

So that was basically the approach, but one of the critical aspects—I apologize for taking so much time, but one of the critical public policy differentiations between this and any other period was simply the role of the government of the United States in indicating that if the governments were not there to support this, US taxpayer money was not going to support subsidiaries of these operations. In that context it was very clear that those subsidiaries would not likely exist for a long period of time. That would have the potential—and the government and the Prime Minister have been eloquent on this—of a cascading effect through the economy, with macroeconomic consequences. In that sense it was a little more analogous to some of the interventions in the financial sector than it would be to other aspects.

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Mr. Norm Miller: How much time do I have?

The Vice-Chair (Mr. Garfield Dunlop): You're down to five minutes.

Mr. Norm Miller: Okay, very good. Maybe I'll switch to another topic that I think will fit in five minutes, then.

I'd like to ask about MPAC briefly. In its financial statements for the 2008 calendar year, MPAC budgeted \$2.2 million for consultants but, in fact, spent almost \$5.2 million for consultants. Can you explain why the agency went so significantly over budget on consultant fees?

Hon. Dwight Duncan: There were a number of recommendations, and I'm going to undertake to get back to you with more specifics on this. My recollection was there were, as you'll recall, a number of recommendations from the Ombudsman with respect to MPAC. We undertook the implementation of those. Some of them had to do, as I recall, specifically with computer applications. But before I give you a definitive answer, Mr. Miller, I'd like to take your question and respond to it entirely.

Mr. Peter Wallace: I apologize as well; I don't have that information with me. We will get back to you.

Mr. Norm Miller: Do we know if this extra \$3 million in consultants was tendered contracts or untendered contracts?

Hon. Dwight Duncan: Off the top, I don't know that, but I will undertake to get back to you.

Mr. Norm Miller: Do we know if that extra \$3 million was spent on communications and marketing consultants?

Hon. Dwight Duncan: I don't know the answer to that. I will get back to you.

Mr. Norm Miller: Okay. Well, if you could get back to me on that, that would be appreciated.

Okay, just following up on the pension line: The budget bill included an amendment to permit the Lieutenant Governor in Council to make grants to the pension benefits guarantee fund. Why was this amendment necessary?

Hon. Dwight Duncan: We brought that forward. It provides governments with greater flexibility to respond to challenges in the pension benefits guarantee fund.

We talked earlier today about the situation that that fund is in. It has never been properly funded over the 30 years of its existence, and those amendments were, by and large, developed and introduced and part of the budget, again, to give governments greater flexibility to respond to challenges that come forward, much the same way as we allowed the 10-year amortization that we announced in December and so on.

Mr. Norm Miller: The Premier said, "What we're doing, through our budget, is making it clear that we don't have that responsibility, but we are reserving the right, that maybe at some point in time it may be—" Now that you've bailed out GM Canada's pension plan, do you have any intention of making grants or loans to the pension benefits guarantee fund which the Premier himself has said is grossly underfunded?

Hon. Dwight Duncan: To reiterate what the Premier said and to put it into proper context, that fund has never been properly funded. I would disagree with your characterization of the General Motors situation. I thought my deputy minister explained it quite well with respect to the response to General Motors. We have indicated—

Mr. Norm Miller: He did explain it well; I would agree with that. But the truth of the matter is you did bail out the pension fund.

Hon. Dwight Duncan: He explained it very well, and I would not draw the same conclusions that you did from that explanation.

Suffice it to say we have indicated there have been challenges with respect to the pension benefits guarantee fund. The fact that successive governments of all political parties did not fund it properly is posing real challenges today. We will continue to respond to individual circumstances. We'll be bringing forward legislation in the fall dealing with some aspects of it.

As you know, Mr. Miller, Mr. Arthurs had a number of recommendations, and we have begun an actuarial study of the pension benefits guarantee fund to ensure that members of the Legislature have accurate and up-to-date information with respect to that fund on a go-forward basis.

The Vice-Chair (Mr. Garfield Dunlop): You've got just a few seconds.

Mr. Norm Miller: It's okay.

The Vice-Chair (Mr. Garfield Dunlop): Okay, we'll move over, then, to the third party. Mr. Prue?

Mr. Michael Prue: Thank you. A couple of little areas: I'd like to talk about auto insurance for a few minutes. Your government took considerable pleasure in answering questions in the House as auto rates went down, but auto rates today are going up and sometimes pretty fast. Drivers are seeing, on average, a 3.2% increase in quarterly rates. Four companies are increasing their rates by more than 10%. It's the highest quarterly rate since your government was elected. Do you consider this to be acceptable?

Hon. Dwight Duncan: We created the opportunity for a five-year review of auto insurance. We are undertaking the first of those five-year reviews. You're right: We were pleased with the results of the 2003 initiative. At one point, premiums had dropped 14%. Recent changes have eaten into that. We are still below where we were on average in premiums in 2003. As part of the five-year review, we have received a number of recommendations from FSCO. Moving forward, we are evaluating those recommendations, again, consulting with various people, and we'll be responding fairly soon with specific proposals as to how to regulate the sector going forward.

Mr. Michael Prue: When exactly do you plan on responding to those 39 recommendations?

Hon. Dwight Duncan: As I indicated earlier, we'd hoped to be out by now with it. We're still reviewing. We had quite a lot of feedback with response to FSCO's recommendations. As a result of that, we've done some more work. My hope is to have the response in the next few weeks, but we are taking our time in an effort to try and get it right the first time.

Mr. Michael Prue: Okay, because you did state in the House earlier that it would be in June—

Hon. Dwight Duncan: Yes.

Mr. Michael Prue: —and then it became July. Now it's obviously going to be August.

Hon. Dwight Duncan: Yes, that's right.

Mr. Michael Prue: August for sure?

Hon. Dwight Duncan: That's our intention and, as I say, this has become a very complex process, one in which we've engendered enormous dialogue with stakeholders and the public, and we want to make sure we get it right.

Mr. Michael Prue: The most contentious issue by far that I have seen on the streets and in protests and letters to the editor and reviews is to cut medical rehabilitation benefits from \$100,000 to \$25,000. In a *Globe and Mail* article, the medical director of one Toronto hospital said that reducing the cap would not cover the therapies needed. I know you're going to respond in August but many, many people out there are watching this one particular issue. Is this going to be addressed in August?

Hon. Dwight Duncan: We will respond to the recommendations in August. The other issue we hear a lot about—we just heard it from you—is auto insurance premiums. So the point of the exercise is to try to find the right balance between appropriate premiums associated with adequate benefits for consumers, and that's the balancing act. So we have heard—you're right—a lot on

that issue, we've heard a lot on a range of issues. We've also heard a lot from people who don't want to see premiums go up. So we take all of that into account and are trying to come forward with regulatory recommendations that will find that right balance.

Mr. Michael Prue: The difficulty that I have is that people may not want to pay an increased premium, but a person walking along the street who is struck by a car doesn't have any choice as to how much the insurance company is going to pay. They didn't buy the insurance, they're not driving an automobile. Some non-catastrophic injuries can be severe to the point that \$25,000 won't cover things like brain injuries, spinal cord injuries and the like. Why would the government consider reducing an amount which is probably too low as it stands?

Hon. Dwight Duncan: There have been a number of recommendations that have been brought forward: some longer-term recognition, for instance, of the definition of catastrophic injury. Those form the body of recommendations that have been brought forward by FSCO, again trying to strike that balance between insurance premiums and how much they should rise versus an adequate level of benefits. Obviously we're striving to find the right balance so that there will be adequate protection for those people who experience the kind of misfortune you have described and recognizing that those benefits do have a cost associated with them that has to be borne in what I would call an equitable manner. So we're trying to find that balance, Mr. Prue, through this process and, as I say, the government will be in a position to respond fairly soon.

Mr. Michael Prue: With these new increases in rates, Ontario has again become the province with the highest automobile insurance rates. We weren't the highest for a little while, but we're back there on top again. There has been some editorial opinion in, of all places, the *Toronto Sun* questioning whether or not this is the time to start looking at public auto insurance again. Is your government looking at this in terms of the FSCO recommendations as an alternative to insurance that will not adequately cover those who are injured?

1510

Hon. Dwight Duncan: No, we're not looking at public auto insurance, and I would also remind you that, yes—I apologize, I hadn't seen that analysis that our premiums were the highest. We also have the highest benefits. I don't believe there is another province that has \$100,000 accident. I may be wrong; I'll double-check that. We do have, by any measurable standard, the highest benefits overall, and again, that's part of the balancing act. As I say, we will be responding to the recommendations of FSCO fairly soon, trying to maintain that balance as best we can.

Mr. Michael Prue: Has the insurance industry indicated to you at all why not only do we pay the most, but in terms of some of the other provinces, they pay so considerably much less?

Hon. Dwight Duncan: Their view is that it is because we do have high benefits relative to most other prov-

inces. Again, you have to look at what they say, try to assess that, compare that to other jurisdictions, and we're in the process of doing that. The insurance companies themselves are one stakeholder. You're absolutely right we've heard from a number of others that provide services that derive their income from insurance claims about the level of benefits and the need to protect them, but again, to your specific question, what the insurance companies have said is that one of the reasons our premiums have been going up is that we still offer benefits that are generous relative to other provinces.

Mr. Michael Prue: The insurance companies paradoxically state that they made \$2.4 billion last year on general insurance but lost money on auto insurance. Why are they struggling so much to stay in this game if they keep losing money?

Hon. Dwight Duncan: You'd have to ask them. FSCO does keep a record of the companies in Ontario, and I think there are some 25 of them that operate. The money they make or lose on the auto side—as I understand it, some companies see that as a loss leader; they would describe it that way. You'd have to ask them about that. There's always this give and take in terms of what the right balance between premiums and benefits is, and we have a number of recommendations from FSCO, and we'll be responding to those in due course.

Mr. Michael Prue: The Quebec government has gone midway between what some of the other provinces that have public auto have and what Ontario has, and that is by offering a Quebec auto insurance to cover the first portion of it so that everyone is covered at least minimally. Would we consider going down that road at all?

Hon. Dwight Duncan: We have not looked at that specific model in the context of this review. We will respond to the recommendations of FSCO and continue to regulate the industry to the best of our ability, trying to find the proper balance between premiums and benefits.

Mr. Michael Prue: I was watching television a couple of days ago, and I heard your voice. I instantly perked up and I saw you talking about Nortel. Then, you were followed immediately on the television program by Minister Clement. Minister Clement said words to the effect that in all the period of time that he had had discussions with you and with former Minister Bryant, the issue had never once been raised about Nortel, about holding on to the Canadian content. Was he right? It was never once raised?

Hon. Dwight Duncan: It is certainly the responsibility of the federal government. Bankruptcy legislation and Investment Canada are federal jurisdictions. It became apparent, not only to Ontario but to a number of other Canadians last week when they were moving to dispose of assets that, in fact, those considerations had not been undertaken. We don't have the legislative authority nor mandate on that particular side of the issue. We have made considerable investments in technology, in new technologies. As I understand it now, Mr. Clement has agreed to review the options they have

available to them subsequent to the intervention of a number of people, a number of organizations throughout the country.

Mr. Michael Prue: But he was not incorrect in stating that it had not been raised.

Hon. Dwight Duncan: The federal government has responsibility for this area and we would expect them to fulfill their obligations, yes.

Mr. Michael Prue: But in terms of the Ontario government having invested—and you outlined quite lengthily all of the investments that have been made around new technology, new industries, research and innovation, and surely electronics and Nortel and RIM and all of this as part of our telecommunications—surely we must have had a vested interest, to at least have expressed an interest.

Hon. Dwight Duncan: We rely on the federal government to fulfill its mandate and obligations under its own legislation. It became evident to a number of individuals last week that there was a potential sale or licensing of a number of federally issued patents in a federally regulated industry under federal legislation to review. We had the opportunity to discuss the situation and decided to respond at the time that indeed our hope was that Ottawa would respond, and as I understand it, Mr. Clement has now indicated that they are looking at those options.

Mr. Michael Prue: I take it I still have about 10 minutes?

The Vice-Chair (Mr. Garfield Dunlop): You have eight minutes.

Mr. Michael Prue: Eight minutes. Okay. Just for the record, there were some questions I wanted to ask this morning. I was given an indication they would not be answered, but I would just like to put them on the record in the hope that maybe they can be answered if not today at least in writing later. There are four questions.

The first one is, how much more would the average individual consumer and average household pay in higher sales taxes as a result of the harmonized sales tax taxing goods and services that were previously exempt?

The second question, which I hope will be answered in writing, if not today: What's the total increase in provincial revenue from the implementation of the harmonized sales tax?

Third question: How much more would the average individual consumer and average household pay in higher sales taxes on energy, broken down by utilities and by gasoline and/or diesel?

The last question: How much more revenue would the government raise in energy costs, broken down by utilities and gasoline and/or diesel?

Hon. Dwight Duncan: On the second question, you'll find the answer on page 134 of the budget. With respect to question 1, I thought the ADM had answered it earlier this morning. We will respond in writing. On question 3, we'll respond to that in writing, and question 4, I apologize, I didn't hear that question this morning, but yes, we will respond in writing.

Mr. Michael Prue: Okay. I did not ask it because of the questions above. When I said I was going to go into that, you said you would not answer them or you could not answer them.

Hon. Dwight Duncan: We did provide a response, but I could not respond to them in the context that you had described.

Mr. Michael Prue: All right. Going back to some questions from earlier—one of my staff members had an opportunity over lunchtime—about corporate tax, I want to ask you specifically about corporate tax rates. Each of your government's budgets—and that's for all of the budgets since 2003—talk about how Ontario has a competitive corporate tax structure. For example, in the 2005 budget: "Ontario already has a competitive level of corporate tax rates. The rates remain lower than those in the neighbouring states of the United States."

In the 2007 budget, a table was presented showing that Ontario's corporate taxes are lower than neighbouring US states. In other words, Ontario's corporate tax system could be described as "competitive," even before the corporate tax reductions, corporate income tax and HST announced in the 2009 budget. Do you agree that we were already competitive?

Hon. Dwight Duncan: Yes, we were competitive, as you point out, with those jurisdictions in the United States and we'll now be more competitive. In that same period of time, a number of provinces have reduced their corporate tax rates. New Brunswick was the most recent. I think they're actually proposing to bring the corporate tax rate down to 8%.

The other issue that was pointed out in the 2009 budget, and I spoke about again this morning, is the marginal effective tax rate. It was argued by a number of economists, by the federal government and others that our marginal effective tax rate—that is, the effective tax on the next dollar of investment—was higher than it could be. By taking the steps that we've done, not only are our corporate tax rates at the manufacturing level and at the general level now going to be—and upon implementation, we'll be tied for the lowest. Should New Brunswick proceed to the point they're talking about, they would become the lowest. But our marginal effective tax rate—that is, the effective taxes on the next dollar of investment—would be cut in half and would allow us to be among the most competitive jurisdictions in North America.

1520

So, absolutely, they were correct at the time. The combined corporate tax rate in most of our surrounding American jurisdictions, I think, is 38%. Steve?

Mr. Steve Orsini: Thirty-six.

Hon. Dwight Duncan: Thirty-six per cent. So, yes, we acknowledge that the goal of a combined national corporate tax of 25% is a good goal to strive for. The federal government provided us with some \$4.3 billion this year in order to allow us to harmonize the sales tax and to proceed with the personal tax cuts and the corporate tax cuts. But in that dynamic environment, the

corporate tax rates in sister Canadian provinces are being reduced: British Columbia, Alberta, Saskatchewan, New Brunswick among the most recent. We felt that we had to continue to be competitive. Indeed, my British Columbia counterpart, upon announcing their intention to harmonize their sales tax, talked about their ability to compete with Ontario in terms of a competitive tax structure.

Mr. Michael Prue: So we're all racing to get less tax dollars from corporations.

Hon. Dwight Duncan: We are adjusting the balance to do what a value-added tax should do, and that is it is better to tax consumption than investment and income. That's why, again, 130 countries around the world have value-added taxes and why four Canadian provinces harmonized before us. British Columbia has now decided to move forward, and I suspect we'll be seeing other provinces in the very near future taking similar steps.

Mr. Michael Prue: I can see the Canadian provinces trying to outdo each other.

Will we still have a lower competitive rate than all of the neighbouring states with whom we trade? They were at 38%. Have they gone down as well?

Hon. Dwight Duncan: Our rate will be lower, so as we attract new investment, that will give us the ability to help attract new jobs, new investment. That is the point of this.

Mr. Michael Prue: Until such time as they do exactly the same thing, which undoubtedly they will be forced to do.

Hon. Dwight Duncan: I suspect they're not going to be in a position to for some time because of their own particular circumstances.

We believe the package of policies we've brought forward is going to allow us to continue to create jobs, to make the investments in public health care and public education that we have been making over the last five years.

The Vice-Chair (Mr. Garfield Dunlop): You've got about a minute and a half.

Mr. Michael Prue: Oh, I still have a minute and a half? Okay.

The Vice-Chair (Mr. Garfield Dunlop): A quick question.

Mr. Michael Prue: Okay. When you continue to take less and less money from corporations, how do you see that you're going to get more? This all presupposes that there's going to be a huge boom in the economy and hundreds of thousands of people will come back to work and the corporations will spend money wildly, buying new machinery. Is this all predicated on that?

Hon. Dwight Duncan: Our view is that we need to incent corporations to invest and create jobs. We had to be cognizant of what was happening in Alberta, what was happening in British Columbia—Saskatchewan, by the way, under an NDP government, was reducing corporate taxes—Manitoba and New Brunswick. We believe we have the right package of tax reforms that will allow us to continue to offer, over time, the quality of public services that we've offered over the last five years and have a

competitive tax situation to spur jobs and investment growth in Ontario.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much. We'll now go to the Liberal caucus.

Mr. Wayne Arthurs: The government caucus will stand down its rotation time at this point, as long as the opposition parties are both in agreement, and allow the rotation to continue to the official opposition.

The Vice-Chair (Mr. Garfield Dunlop): And that time will be taken off the end and we would be sharing that time.

Mr. Wayne Arthurs: The intent, I understand, of standing down the time that is it's set aside at this point, as opposed to—

The Vice-Chair (Mr. Garfield Dunlop): Are we in favour of that? Do we consent to that?

Mr. Norm Miller: We should be clear on what he's proposing. I think he's proposing that they're standing down their time so the committee would end earlier in the day.

The Vice-Chair (Mr. Garfield Dunlop): Yes, that's the intent, that we would in turn share that—

Mr. Norm Miller: Not that other parties would use their time, but we would still have our time, then.

The Vice-Chair (Mr. Garfield Dunlop): We would still have our time, but we wouldn't share their time. They're standing down.

Mr. Michael Prue: I don't need their time. Okay.

The Vice-Chair (Mr. Garfield Dunlop): We get out of here earlier, if that's the case. Do we have unanimous consent on that? Agreed? Okay. Mr. Miller, it's your turn.

Mr. Norm Miller: I'll continue with the pension benefits guarantee fund and the Arthurs report. As of the end of March 2008, the pension benefits guarantee fund was \$102 million in deficit. What is the deficit now?

Interjection.

Hon. Dwight Duncan: My assistant deputy minister informs me we'll have a more accurate number when public accounts become available in September.

Mr. Norm Miller: September?

Hon. Dwight Duncan: Around September. That's the number we are using now for our own purposes.

Mr. Norm Miller: Thank you. How many companies pay into the PBGF and are eligible to benefit in case of bankruptcy?

Mr. Peter Wallace: I'm afraid we don't have that number right now.

Mr. Norm Miller: Okay.

Mr. Peter Wallace: It should be readily available, though.

Mr. Norm Miller: How many of these pension plans are currently underfunded, of the companies that do pay in?

Hon. Dwight Duncan: We'll get that information.

Mr. Peter Wallace: That may be a little bit more ambiguous depending on filing dates and a variety of other things, but we'll endeavour to get you the best information we can on that.

Mr. Norm Miller: Thank you. How much did the Arthurs report cost the government in total?

Mr. Peter Wallace: That's not something I think we'd have in our mind, but we can certainly—

Hon. Dwight Duncan: Yes, we'll get back to you on that.

Mr. Norm Miller: You're going to be sending me a lot of information.

Mr. Peter Wallace: It'll be our pleasure.

Mr. Norm Miller: With respect to the pension benefits guarantee fund, the Arthurs report recommended that, "The pension benefits guarantee fund should be governed by the following principles:

"The fund should be self-financing.

"It should not receive government grants or subsidies in order to meet its obligations.

"It should be allowed to borrow funds from the government on a commercial basis, for defined purposes and at defined times.

"The terms on which the fund itself should be deemed insolvent, and the effects of such insolvency, should be clearly set out in the Pension Benefits Act."

Further, with respect to the failure of a major pension plan, Arthurs goes on to say, "However, when and if the government feels it must intervene, it ought to do so outside the framework of the PBGF.... But it is inappropriate, in my view, for government to make ad hoc decisions that will affect the solvency of an insurance fund...."

Why, then, have you ignored the Arthurs recommendations that the fund should not receive government grants or subsidies and that if the government feels the need to intervene in the failure of a major pension plan, it should do so outside the framework of the plan?

Hon. Dwight Duncan: I would not characterize us as having ignored Mr. Arthurs's recommendations. In fact, we've already begun to respond on one of them; that is, calling for an actuarial review of the pension benefits guarantee fund, which is under way as we speak. The principles he's outlined are responding to the fact that for 30 years now, Ontario has not properly funded this, and all of us have to come to terms with that. The reality has caught up with us in the last year to year and a half with respect to that.

I would respectfully disagree, Mr. Miller, that we have not paid attention to Mr. Arthurs. In fact, it was this government that commissioned his report. We received all of his recommendations. We submitted those to stakeholders for response to the recommendations. That period concluded at, I believe, the end of February. We are now in the process of drafting our legislative response to them. As I indicated earlier, I believe that it will take—actually, because of the size and the order of magnitude of the legislative changes, there will likely be two different bills, one this fall and one in the spring. I think the recommendations of Mr. Arthurs and those who worked with him are worthy of very serious consideration, and I think he points out a lot of the challenges associated with the PBGF.

Mr. Norm Miller: Isn't the provision in the budget permitting the government to make grants to the fund the very ad hoc decisions that Professor Arthurs is recommending against?

Hon. Dwight Duncan: It provided the government with more flexibility as we move to implement recommendations, depending on which ones we decide from Mr. Arthurs to recommend. I think Mr. Arthurs was speaking prospectively to a new regime that would see that if there's a pension benefits guarantee fund, it be properly funded in the first instance, cost-apportioned appropriately and all those kinds of issues. Unfortunately, Mr. Arthurs's report was not done seven or eight or nine or 10 or even 15 years ago, and so we now are looking prospectively at the future as to how to respond to that issue and a range of other issues in the defined benefit pension sector.

1530

Mr. Norm Miller: Although he was pretty clear on loans, not grants, in his report, and that change in the budget allows—

Hon. Dwight Duncan: Prospectively, yes. And he was pointing out the inadequacies of the existing regime, which is one of the reasons why we asked him to do the work he has done.

Mr. Norm Miller: Yes, and according to the Arthurs report, 89% of the payouts made by the pension benefits guarantee fund have taken place in the last five years, all under your watch. So clearly the signs were all there that the fund was headed for a "shipwreck" scenario, as Arthurs describes it, and action needed to be taken.

Other than commissioning the Arthurs report, why have you not taken other steps to deal with problems in the fund?

Hon. Dwight Duncan: I think he also points out in the report that pension funds have been historically underfunded in some instances, some of them going back many years. And we have responded with loans in the past—for instance, Stelco is a good example of that.

So we appointed Mr. Arthurs to give us these recommendations. He has come out with them. We will be responding with legislation in due course.

Mr. Norm Miller: Mr. Sterling wanted to ask some questions on the same issue.

The Vice-Chair (Mr. Garfield Dunlop): Go ahead.

Mr. Norman W. Sterling: Five months after you assumed the reins of power, you knew that there was a problem because you had to lend the pension benefits guarantee fund \$330 million at zero rate of interest, with repayment back, I think, over 30 years, at \$11 million a year. Yes, that makes sense; it's \$330 million. So you had warning and your government did nothing, save and except appoint a commission two years before.

Our concern here is the same as it is for GM workers, Nortel workers etc., that the government has a pension benefits guarantee fund and therefore those people who have defined benefit plans are entitled to believe that there is a guaranteed fund backing them up, notwithstanding the failure of any number of governments to see

that it's properly funded. But the crisis has occurred during your term in power, and you have done nothing to date to do that, save and except in Bill 162. In the budget bill, you gave yourself—you, not the Lieutenant Governor or in Council, which my colleague thought—the right to write a cheque unilaterally to the pension benefits guarantee fund.

Why I object to that is that the other 67% of the people, who have no pension and have seen their RRSPs and pension funds being decimated, are going to be required to pay their taxes to support the pension benefits guarantee fund. I believe the pension benefits guarantee fund should be funded by those people who benefit from the guarantee—their employers, the employees should be the people who pay the price. That's my concern here. Why should any citizen who does not have a defined benefit pension plan have to write a cheque to do this?

Hon. Dwight Duncan: I think those are legitimate concerns. So does that mean we—

Mr. Norman W. Sterling: Well, then, let's get on with finding a way to properly finance—

Hon. Dwight Duncan: We are. That's what the Arthurs report is all about.

Mr. Norman W. Sterling: Right, and you've had that for eight months.

Hon. Dwight Duncan: And he's got specific recommendations. So then, do I take what you've just said to mean that we shouldn't intervene at Nortel?

Mr. Norman W. Sterling: No, I didn't say that at all.

Hon. Dwight Duncan: You just said the taxpayer shouldn't be funding the pension benefits guarantee fund.

Mr. Norman W. Sterling: No. I mean, you can loan the pension benefits guarantee fund at commercial rates—

Hon. Dwight Duncan: So you would support a loan.

Mr. Norman W. Sterling: —that's what Arthurs agrees with, and I don't have any problem with that. But I do object to you giving them a no-interest loan, and I do object to you giving them a grant.

Hon. Dwight Duncan: I appreciate the advice as we move forward on Nortel and others, recognizing that, you're right, contributors have not paid adequately into it.

This situation, I think it would be fair to argue, has reared its head on a number of occasions in the past, and government's haven't, so we have said that we're going to take it on, and that's why we appointed Mr. Arthurs. We now have a number of recommendations, and we are looking at the PBGF. So I appreciate your insights and thoughts on that as we move forward. As I indicated, we will be bringing forward legislation. For instance, one of the issues you raised this morning has been raised with us by people in Nortel, and that is when you crystallize the pension values and how we can manage through this situation. But you're right: The people in that plan have not paid enough into it to sustain the challenges we've seen. As markets come back, hopefully, fewer pension plans will be threatened. In the case of the auto sector, keeping those companies viable was the key. It wasn't

payouts by the pension benefits guarantee fund, and that's what both the Premier and I said all along as we acknowledge the need to make sure that, going forward, the PBGF is properly funded.

Mr. Norman W. Sterling: You bring up GM and you try to avoid the responsibility that you had to GM workers with regard to their pension rights under the pension benefits guarantee fund, which they had the right to believe was properly funded and would pay them. The federal government had no responsibility to the GM workers with regard to their pension rights. They had no responsibility at all. That was the responsibility of the Ontario government.

Hon. Dwight Duncan: As I understand it, the GM pension plan, there's a \$4-billion payout this year, \$250 million over each of the next five years by GMLC. Our money went to Ottawa and so our objective—

Mr. Norman W. Sterling: Yes, but you knew where it was going.

Hon. Dwight Duncan: As did the federal government—

Mr. Norman W. Sterling: Who negotiated that part—

Hon. Dwight Duncan: That money was quite fungible, with respect. Our money went to Ottawa, Ottawa's went to the Treasury of the United States, and the loans were given out to—

Mr. Norman W. Sterling: To meet your responsibility, not the federal responsibility.

Hon. Dwight Duncan: What we have done is keep two major companies in operation, employing people and continuing to honour pension benefits.

Mr. Norman W. Sterling: So how do I say to Nortel workers who may or may not receive help here or anybody else who doesn't have a pension, "Please pony up \$300-plus per person in this province—man, woman and child—so that GM workers can get 100% of their pension while you have nothing"? How do I say that?

Hon. Dwight Duncan: First of all, if I just heard you properly, you said that the taxpayers shouldn't be paying for Nortel's pension.

Mr. Norman W. Sterling: No, I'm saying, that's your—

Hon. Dwight Duncan: I'm sure I heard you say that.

Mr. Norman W. Sterling: You wrote the cheque, sir.

Hon. Dwight Duncan: On General Motors Corp., as I indicated, the newco is, in fact, paying for that. We did not put any money into the pension benefits guarantee fund.

Mr. Norman W. Sterling: I'm not talking about the pension benefits—I'm talking about GM. You wrote a cheque for \$4 billion, which is going into the pension fund.

Hon. Dwight Duncan: In part—well, it's going to the federal government, which is going to the United States Treasury, which is going to the newcos of Chrysler and General Motors, and they continue to be viable operations.

Mr. Norman W. Sterling: And you didn't know this was going to happen?

Hon. Dwight Duncan: Pardon me?

Mr. Norman W. Sterling: You didn't know it was going to go into pensions?

Hon. Dwight Duncan: We knew exactly what was happening. You opposed it at the time; I understand that. What we have done is kept two large corporations that employ, in this sector—

Mr. Norman W. Sterling: That's not true, sir. I said to your Premier, "If you're going to bail out this pension, what are you going to do for the rest of the people of Ontario?"

Hon. Dwight Duncan: We have successfully kept two large corporations employing literally hundreds of thousands of people working and paying taxes. We think that's the appropriate step to take. We also think, and the Premier said and I have said, that we do have to be candid about the state of the PBGF. It has not been properly funded. Mr. Arthurs quite properly points that out.

Mr. Norman W. Sterling: I agree. Let's do something—

Hon. Dwight Duncan: And that's over 30-some-odd years.

Mr. Norman W. Sterling: Let's do something.

Hon. Dwight Duncan: We are. I remind you that we brought forward this study. It has been undertaken. We have engaged in enormous consultations. There are difficult challenges with implementation—enormous challenges with implementation, including who pays. Who pays?

Mr. Norman W. Sterling: Yes, I know, but you had five years to do that.

Hon. Dwight Duncan: Well, you had two very dramatically unsuccessful attempts. Bill 198 is a good example. Then we also had an example where General Motors was given a specific exemption from paying in—not by this government. We're the first government that's come forward. As I say, we appointed Mr. Arthurs back in 2007. He handed us that report, I think late last year—September or October.

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Mr. Steve Orsini: November.

Hon. Dwight Duncan: I'm sorry, November. We in turn asked for a response to the recommendations contained in that report. We had that process wrap up in February. We are going to be responding with legislation in the fall session and, as I indicated earlier, Mr. Sterling, I believe it will take probably two pieces of legislation—one in the fall, one in the spring—to respond completely.

The Vice-Chair (Mr. Garfield Dunlop): There are about four and a half minutes left.

Mr. Norm Miller: Switching to another issue, then, there has been a lot of money spent on infrastructure, and in the past, the McGuinty government has been criticized by the Auditor General for handing out grants without appropriate accountability measures. Generally, these have been end-of-year grants, which have had to be

distributed quickly to ensure the funds counted against the fiscal year's budget. Famously, of course, we have the cricket club that asked for \$300,000 and got \$1 million. The infrastructure funding that's going out right now is also being accelerated to help stimulate the economy. What changes have you made to your accountability measures to ensure that complete accountability is maintained despite the accelerated process?

Hon. Dwight Duncan: With respect to the year-end money, you'll know the Auditor General made a number of recommendations and we've implemented, as I recall, all of those recommendations. With respect to the new infrastructure money, we have normal accountability processes in place. The head of internal audit is here. Rick, are you here?

Mr. Rick Kennedy: Yes.

Hon. Dwight Duncan: Did you want to respond to that more specifically in terms of the processes we have in place for managing?

Mr. Peter Wallace: As Rick comes up, I just want to point out very quickly that there are two fundamental mechanisms that we rely on, one of which is, of course, a great deal of this is being done in conjunction with the government of Canada through joint processes; the other of which, just while Rick is head of internal audit for the whole audit, we should remember that this is properly within the administrative lines of the ministry of public infrastructure.

The Vice-Chair (Mr. Garfield Dunlop): Your name please, and you have about three minutes.

Mr. Rick Kennedy: Rick Kennedy, chief internal auditor from the Ministry of Finance.

With respect to the infrastructure spending, we've been working proactively with the federal government to share better practices and we're also working, as the Deputy Minister of Finance has said, with MEI to put appropriate criteria in place proactively in order to define better practices and accountability and mechanisms as well as reports to come forward on a timely basis. We're also sharing this information with the Auditor General of Ontario so that we can coordinate efforts and approach.

Mr. Norm Miller: Minister, you said you've implemented recommendations. Do you know any specific recommendations that have been implemented?

Mr. Rick Kennedy: The recommendations that were implemented were, to the extent practical, to rely on established mechanisms, proven mechanisms, through transfer payment mechanisms that are operating effectively, which is what we're doing with the infrastructure spending, to have more proactive processes in place with respect to performance metrics in order to get more timely information. So again, in response to the report, we've been putting those measures in place.

Mr. Norm Miller: The goal of the infrastructure funding is to obviously address some of the need out there in terms of long-term infrastructure, but it's also to create jobs and stimulate the economy. How are you measuring whether that's been a success? I actually just did an interview on the break and that was one of the

questions that was asked by the media: "All this infrastructure money has gone out there. Is it working or not?" My answer was, "You know what? I really don't know. I can't tell you and I don't know whether the government could either."

Hon. Dwight Duncan: We did provide projections over the two years of the funding. Obviously how that funding flows out will indicate how quickly jobs are created as a result of the funding. We were a bit more fortunate than the federal government. The federal government did not have the extensive involvement in infrastructure until they made their moves in the last budget. As you recall, last year for instance, we gave \$1 billion to municipalities as part of the Investing in Ontario Act. Those monies are already out creating jobs. For instance, you can drive along virtually any highway and some of the money that was announced last year and in our previous infrastructure programs is out there in the ground now.

So we track a whole range of things: first of all, when the approvals for spending are given, when the money flows. In the case of the most recent announcements, I believe these had to be shovel-ready; that is, municipalities and others had to be prepared to get into the ground. We matched the federal requirements around projects being completed, at least on those shared programs, by March 2011, I believe it was. So we are tracking how that money flows out, how much is actually in the ground, and we'll be in a position of clear accountability shortly in terms of that. Is that fair to say, Rick?

Mr. Rick Kennedy: Yes.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, Minister. Now we're over to the third party for their rotation.

Mr. Michael Prue: In the last round, I was asking you questions of statements that were made during the 2005 budget process and 2007 budget. You told me about a number of provinces and what they were doing.

Just to go on, though, let's move it up just a little bit to last September. You made the following statement in response to Mr. Hudak's call for lower corporate tax rates, and I quote you directly: "Ontario's corporate taxes are very competitive, with \$3 billion in tax cuts. Those tax cuts in the US haven't been working."

How is it, Minister, that only six months after calling Ontario's corporate tax system competitive, you decide it's necessary to table a budget with major corporate tax cuts in the name of competitiveness, to make us the most competitive jurisdiction in North America?

Hon. Dwight Duncan: It's entirely consistent. First of all, at that time, I was talking about our plan to eliminate the capital tax, which had been one of a number of recommendations that we began moving on some years ago. I believe it is finally eliminated in July 2010, if I'm correct. That was among a range of options put forward by investors, by the business community, that would help make Ontario more attractive.

Our rates were competitive at that time—and they still are, if we had done nothing—with the United States. But

we had to be cognizant of what was going on all around us, particularly in the Canadian provinces, and decided, with the range of tax reforms that we've brought forward, that in fact we could reduce personal taxes and reduce corporate taxes to make our entire tax system more competitive, one that will attract jobs, encourage investment and encourage people to spend.

So, taken together and given the enormous changes in the economy in the period leading up to the last budget, and given the advice we were given by a number of sectors, we decided to undertake the tax reform package that we did, which we believe will help create jobs, reduce-paying jobs, in the future and will allow Ontario to be competitive as we move forward.

Mr. Michael Prue: So all of these decisions and actions were taking place since last September, when this was thought not to be a good idea.

Hon. Dwight Duncan: I don't think we ever said that having competitive corporate taxes was not a good idea. You and I don't agree on that. We believe that a competitive corporate tax structure is important to investment. We heard from a range of sectors that in order to continue to be competitive, in order to even gain ground so that when the recession is over, we'll be still even more competitive, that this was the appropriate range of measures to take. We did so because we believe there has to be a job-creating strategy and we think this is the appropriate one.

Mr. Michael Prue: Six months ago, you said—excuse me, it's now about nine months ago—that those tax cuts in the US haven't been working. Can you tell me whether they've worked in the US in the last nine months, if any state, by having made those corporate tax cuts—

Hon. Dwight Duncan: Well, as you know, the US didn't cut corporate taxes. They were cutting personal taxes on high-income earners, the so-called Bush tax cuts. We rejected that. In fact, what we did was cut the lowest rate on personal taxes. We will now have the lowest rate on the first bracket of personal taxes. In addition, we increased tax credits for seniors, and for children through the Ontario child benefit. So we in fact took precisely the opposite approach that the Bush administration had taken. As you're no doubt aware, that's what we were referring to at the time. I've heard the debate going on as recently as this week in the United States around the success or failure of those tax cuts in the US.

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Mr. Michael Prue: Well, you weren't alone in making those statements. Around the same time, the Premier made similar comments—this is from Hansard, October 15, 2008—to Mr. Hudak, who was asking a question: "We have, in fact, a lower combined corporate tax rate than any US state, and I know that my friend recognizes that."

If it's not for the so-called competitiveness, why do we need a corporate income tax cut? The government is in deficit. Unnecessary tax cuts aren't a logical solution

to getting us out of deficit. Why is the government pushing a corporate income tax cut when nine months ago you said it was not a logical thing to do?

Hon. Dwight Duncan: We have seen enormous job losses in the manufacturing and forestry sectors, among others. We are in a dynamic economy. It's not static. We reviewed the best evidence available to us at the time of the preparation of this budget. We enacted a package of tax reforms that are designed to enhance our competitiveness on the corporate tax side, that are designed to take what most economists have recommended, and that is that it's preferable to tax consumption versus investment and income, and come up with what we think is the right balance that will, in the words of manufacturers, chambers of commerce and many others, help spur investment, help spur growth.

Everything the Premier said at the time was accurate and remains accurate. The implementation of these tax cuts won't be completed until 2012. But we live in a dynamic and changing world, and a number of our sister provinces had moved before us. A number of economists and others had cautioned us that it simply wasn't, in terms of job creation potential, enough to be competitive with surrounding US jurisdictions; we had to be competitive with our sister provinces. So we undertook the steps we did to respond to the real changes in the economy and to respond to what we project and believe will occur over the coming years, to help attract investment and, most importantly, jobs into Ontario as we come out of this downturn.

Mr. Michael Prue: You have projected that the deficit will decline in each of the next five fiscal years down to a low of, I believe, somewhere around \$4 billion five years from now. Where is that money going to come from that is going to allow you to cut the deficit each and every budget cycle for the next five years, if in fact you are lowering corporate taxes and will not have the same resources coming from them?

Hon. Dwight Duncan: First of all, there are a range of assumptions built into the budget that see growth returning to the economy. A whole range of things had come up that were still projecting deficits. It also comes from transformational objectives that we began to outline in the last budget and that we'll be talking more about as we move forward. So we've laid out what we think is a balanced and prudent plan for eventually getting out of deficit. We have done this before. We've taken Ontario from a substantial deficit to a surplus position. We will have to see relatively robust growth return to the economy. We did not lay out as quick a path out of deficit as, say, the federal government has. We don't think we're going to see rates of growth that are robust enough in that short period of time to get us there.

So there's no doubt that there are risks in that plan, that a continued downturn in the economy could change it. We will update things as we move along. We provide a contingency reserve—built in certain assumptions over time. Taken together, if they come true, we believe that's a realistic path out of deficit. For the first time, we laid

that out so people could see that. We will continue to report on progress on a quarterly basis and then obviously on an annual basis, both through the budget as well as public accounts in terms of what our actuals versus our projected numbers are.

Mr. Michael Prue: You have already made a statement concerning the marginal effective tax rate on new investment in neighbouring states, saying that we are going to have a much lower marginal rate. Of the provinces, we're going to have the lowest one, although some of the other provinces are attempting to do what we're doing.

I'd also like you, if you could, to comment on international trading partners, about their effective rates. I have not read anywhere, worldwide, particularly in Europe, that the marginal effective tax rates have been reduced there.

Hon. Dwight Duncan: To be candid, I'll have to get back to you. I'm not familiar enough with the individual tax structures in Europe, and I'm not sure that it would be easy to compare them. But I'll undertake to look into that and get back to you.

We do, for our purposes, if I might, tend to focus on our surrounding jurisdictions—Michigan, Ohio—and on our sister provinces. I'm not in a position to comment about the vast array of corporate tax structures in the European Union, but Steve, or deputy, maybe you can add something to that discussion.

Mr. Michael Prue: If I could, we trade worldwide. The trade with Mexico is increasing because of the trade deals that have been made. I know it's a very large topic, but you provided an analysis in the 2007 budget about some of the neighbouring states and some of the provinces. Could you provide a similar analysis of our major trading partners? I'm not sure which all of them are. I know Mexico is now inching its way into it, and Britain's still there and some of the European trading partners.

Mr. Steve Orsini: In the budget, we did provide a summary on page 118. We compared our marginal effective tax rate, and I think the minister might have mentioned this in his opening remarks. We compared the US and the OECD average. The OECD average is just above 22%, and we nudge below that starting in 2010. So this is a significant step forward to get us competitive with the OECD average.

The OECD has been publishing since 1990, calling on the province to harmonize, and they've been doing that every few years. The International Monetary Fund, as well, has been calling on the province to harmonize with the GST. There are groups that track marginal effective tax rates by country, and we could supply that.

Mr. Michael Prue: You will? Okay. Thank you.

Mr. Peter Wallace: Just trying to be a little bit helpful on this: I'm the deputy of finance. I like revenue and I'm desperate to get it in, frankly.

Mr. Michael Prue: I'm glad to hear that.

Mr. Peter Wallace: We give up these things with some reluctance and some caution, but the reality is that

some of the things that have worked so well for Ontario in the past, including our reliance on a big open US market, are a little bit more at risk.

We have gained a lot of investment over the time as a function of a low dollar. The thickening of the border threatens that to some considerable extent. We are discovering that investment flows are very volatile. We are discovering that a number of our biggest companies that we have previously relied on in the mining or other sectors are now internationally owned. When we deal with the management of those companies, they are extraordinarily sensitive to issues that have an impact on the investment returns associated with them, and they are competing now not only with the US jurisdictions, but internationally.

Also, it becomes apparent that the ability of corporations to move money around and to domicile differently in response to variations in corporate tax is increasingly important. Whether we like that to be the case, it turns out to be, in many respects, a reality. And we do hear that from Ontario businesses that are trying to invest and create jobs in the province.

Because of that, the focus on marginal effective tax rates, which is such a jargony, crude kind of tool, has elevated from an issue tracked by economists almost to the level of obscurity to something that is a vital future indicator of our competitiveness. I think it does explain that the government has been persuaded, at any rate, that there has been a need to respond to Canadian competitive conditions by doing things. This is an analysis that has been heavily supported by the government of Canada as well.

Mr. Michael Prue: Okay. Do I still have time?

The Vice-Chair (Mr. Garfield Dunlop): Yes, you have six minutes left.

Mr. Michael Prue: Oh, good. Okay.

I'm worried about struggling companies, companies that are losing money, companies that are laying off workers, companies that are facing bankruptcy, that won't benefit from a corporate income tax reduction. Will they benefit at all? How would they benefit if they're not making money?

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Hon. Dwight Duncan: They actually are benefiting from our capital tax elimination, because you pay that tax whether or not you're making money. That's one of the reasons that was one of the first tax cuts we moved on, corporate-wise. In fact, we accelerated it. It was originally scheduled to be completed in 2012, I think, and we've now moved it forward to be completed by the mid-part of next year. We actually had the opportunity to highlight a couple of companies last year that took those capital tax returns of theirs and invested them in new plants and equipment and employment in Ontario.

Mr. Michael Prue: How much money is involved here?

Hon. Dwight Duncan: In which? The capital tax?

Mr. Michael Prue: Yes. How much—

Interjection.

Hon. Dwight Duncan: Some \$1.5 billion—

Mr. Michael Prue: That you accelerated for one year.

Hon. Dwight Duncan: And that went to companies—you have to pay the capital tax whether or not you're making money.

We also moved, in the 2007 and 2008 budgets, on the equalization levelling of the school taxes.

Interjection.

Hon. Dwight Duncan: Pardon me?

Mr. Steve Orsini: The business education taxes.

Hon. Dwight Duncan: The business education taxes. We moved quicker on that because, again, that was a tax that you paid regardless of whether or not you were making money. We did move on those, and we've moved in the fashion that we have to ensure that companies that weren't making money—and last year, when those capital cheques were going out, I remember when we announced that, the auto sector and others applauded the initiative, specifically because of that. It got cash into their hands right away.

These additional measures have been undertaken, as the deputy pointed out. Changing world context—one economist said to me, "You know, Ontario can sustain a one- or two-point differential between itself and Alberta in terms of corporate taxes, but you can't sustain a 4% difference," which accounts to almost a 33% difference in terms of taxes paid. That was part of the evolution of our thinking as we moved forward.

The final point I would make is that we've also moved forward in a variety of areas: first of all, the harmonization in the collection of corporate taxes, which saved businesses enormous amounts of money; and again, the harmonization of sales tax, which we estimate will save businesses in Ontario close to half a billion dollars, simply because we're eliminating the two compliance mechanisms, the two sets of rules, the two sets of regulations. That will be a substantial savings, again, to businesses, whether or not they're making money.

The final point I'd make, on the input tax credits and those that apply: Again, I think one of the reasons so many, particularly the forestry sector and the automobile sector, applauded the move was that those input tax credits will eliminate a hidden tax burden to them and allow them to become profitable more quickly.

The Vice-Chair (Mr. Garfield Dunlop): There are three minutes left.

Mr. Michael Prue: Three minutes, okay. Back to the HST: I have never been clear about when this whole discussion of the HST started or what started it. We note that you signed the deal with the HST with Mr. Flaherty on March 10, 2009. When was your first meeting with Mr. Flaherty in regard to the possibly of implementing a harmonized sales tax, something that had been denied by the Premier just a month before?

Hon. Dwight Duncan: I'm going to have to double-check, because you've asked a very specific question: When was the first meeting?

Mr. Michael Prue: Yes.

Hon. Dwight Duncan: I can tell you that Mr. Flaherty and the Conservative government in Ottawa have been urging us to do this for some time.

Mr. Michael Prue: Oh, I know that.

Hon. Dwight Duncan: Whether or not it was at a meeting set up for the purpose of discussing that, I can tell you that over the course of 2008, particularly in the fall of 2008, prior to the last federal election, Mr. Flaherty had expressed his interest in seeing Ontario participate in the combined corporate tax objective of 25% across the country. We had extensive discussions about that. The prospect of harmonizing was raised on a number of occasions, both publicly and privately. You'll know that in his federal budget, Mr. Flaherty called on Ontario to do that.

In terms of formal meetings, I'm going to have to double-check. I did call Mr. Flaherty. I have a recollection of calling him, in that February-March time frame, to speak to him about whether or not discussions that we had had in public and had had privately the year earlier with respect to support for moving on any of these initiatives in federal government would still be forthcoming. At that time, he was positive in his response, and that began a series of meetings among officials at that time with respect to tax policy. Again, it culminated—the deal was actually signed, as you have indicated, in March of that year and announced two weeks later in my budget.

The Vice-Chair (Mr. Garfield Dunlop): You've just got about 10 seconds left.

Mr. Michael Prue: I'll let it go for the next round.

The Vice-Chair (Mr. Garfield Dunlop): Okay. Liberals?

Mr. Wayne Arthurs: Minister, I wanted to revisit or visit again some of the single sales tax matters. I want to start first with—you've had a chance to mention them but maybe not a chance to provide some additional comment on some of the thinking behind it; why you felt they were a priority; some of the exemptions that you provided for within the single sales tax, what they are and why you felt those things that have an exemption are important matters to consider. Following that, I want to explore a little bit with you some changes that have been made from the first introduction, particularly on the housing front.

Hon. Dwight Duncan: The point-of-sale exemptions, as I described them this morning in my statement, are basic exemptions that the federal government has given us. One of the reasons that notionally the idea of harmonization became more attractive was, among other things, they did give us more flexibility on point-of-sale exemptions, which we have undertaken, things like feminine hygiene products, child car seats and things of that nature. I outlined all of them in my opening remarks.

With respect to housing, it was a very complicated issue. When we first announced, the housing industry expressed some concerns, particularly here in the greater Toronto area, about that \$400,000 limit that we had put on. And as it turned out, by the industry's own estimates, there was a 2% hidden tax in new homes. Remember,

again, that the harmonized tax will not apply to resale of homes; that's another thing we keep stressing to people.

I'm going to ask Steve maybe to describe a little bit about how we evolve those changes because they do get a little bit technical in nature. Steve kind of led the charge in that throughout.

Mr. Wayne Arthurs: As he comes to the table, Mr. Chair, if I can, what particularly interested me was, as the economy changed, even before we got to this point, in the US when all the indicators were it was the housing market that sent them down that road—we're just now beginning to see a turnaround there, if you can believe what you're reading in the papers as recently as yesterday, and the significance of the housing industry. One proposes a new tax structure with all of its pieces, not just the HST but the whole package; clearly, there's going to need to be time and consideration for matters both transitional and where maybe government didn't get it 100% right on the first day out of the gate until they had time for a little bit more consultation. I think this is one of those matters and—

Hon. Dwight Duncan: Absolutely. I'm going to turn it over to Steve to speak specifically to that, but that's one of the reasons why we allowed almost a 15-month implementation time. We have had ongoing discussions. I believe we've resolved most, if not all, of the issues with the housing sector. There are some other sectors that we continue to meet with on transition rules and so on, but to the specifics of the housing agreement, I'll pass it over to Steve to respond.

Mr. Steve Orsini: There are essentially three elements that I'd like to draw committee members' attention to. One was the design of the housing rebate, as the minister referred to. When we negotiated the memorandum of agreement with the federal government, we had to adopt their structure for the housing rebate but we could vary the threshold. They have a housing rebate of 36% between \$350,000—it's phased out to \$450,000. A house—new house only—that's purchased at \$350,000 and under gets a 36% rebate from the federal government. The province announced a 75% rebate for \$400,000 and under, and it's phased out; in other words, between \$400,000 and \$500,000 that rebate is reduced so that by \$500,000 the rebate is gone.

One of the things from consulting with the industry was it does have a steeper slope, and this is, in marginal effective tax rate language, between \$400,000 and \$500,000. The federal government, in consultations with the industry in the federal government bailout, asked to redesign the rebate so that all homes \$400,000 and under get the 75% rebate. That effectively reduces it down to a 2% rate for the first \$400,000. That was a significant change. There is no phase-out; all homes, no matter what price, get that benefit. The industry was very clear that they understood that there's embedded RST in the price of a new home, between 2% and 3%. They saw this as making it more progressive. For a home \$400,000 and under, there's effectively no new tax change. Anything above that, it's only gradual phase-in. That was the first piece.

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The second from meeting with a number of groups: The builders and also those that represent apartment groups wanted the housing rebate to apply to rental. The way the federal government brought in their GST, it only applied for new homes, not new rental units, so one of the changes we announced on June 18 was applying the rebate also to rental units. That was the second piece. That was well received by groups representing rental accommodations.

The third area was transition rules. These projects are fairly big, and they want to know, "If I buy now and we take delivery of a new home, a condominium or an apartment building after July 1, what are the rules?" We had the benefit of learning from the experience of the GST, the Quebec sales tax and the Atlantic provinces, and we adopted a transition rule that the industry thought made the most sense from their perspective and from our perspective as well. We brought in transition rules we thought were fair, and the industry saw them as being fair as well.

Those are the three changes that were made, and one was well received. I have to say, it's one that BC adopted to the letter of the law.

Mr. Wayne Arthurs: It would seem to me that that inclusion of the full exemption—75% is a full exemption for all practical purposes—up to \$400,000 for all new homes being built would engender a degree of stability in the industry over time that one might not have recognized in the relatively short window with the transition and with the tax coming into play and might also have driven some anomalies in purchase choices by homeowners, staying just under a threshold as opposed to just over a threshold. It would seem to open that up.

For my benefit, can you draw the comparators between the GST as it currently exists and what's going to happen with the SST? Do they have the same threshold? I understood the GST threshold to be at \$350,000. Do they line up fully, or is there still some distinction—I wouldn't even call it unalignment—between the two pieces? To what extent, in doing that, might we have positioned purchasers on the Ontario portion in a better light than might otherwise have occurred under the current GST model?

Mr. Steve Orsini: The federal GST still has a 36% rebate on homes \$350,000 and under, and then it's phased out to \$450,000. That has not changed. Ontario still has the most generous—now BC has joined us—housing rebate in the country for provinces that have harmonized with the GST. Quebec has a 36% rebate up to \$200,000, and that phases out at \$225,000. It's a significant rebate to return it back to where the embedded RST is for those homes below \$400,000. In a sense, even with the transition rules, the entire housing sector, over the transition period, will not face any additional tax change overall because of generous rebate and because of the generous transition rules.

Mr. Wayne Arthurs: I haven't personally heard much from the industry subsequent to the appeals that

they made, the discussions they had with officials, on this front. I certainly heard from them in the early going as they were trying to evaluate it. I think your comments, Minister, were that we seem to have some pretty good accord with them in that respect at this point. Not having heard from them, subsequently, I'm assuming that's the case.

Hon. Dwight Duncan: Yes, they were positive upon announcement of the final agreement we reached and I believe we resolved the issues that they wanted resolved. I should tell you that Steve is leading discussions with a number of other groups and industries that have transitional rules. We're trying to work with them to make those rules as seamless and as easy to comply with as possible, always saying, first and foremost, we are proceeding with the harmonized sales tax, but obviously we'll work with you to address, where we can, the issues you have. Some of them will involve federal participation. All of them will involve federal government concurrence as well.

Mr. Prue raised the issue of the administration of the RST versus GST for First Nations. That's an issue. In order to address that, the federal government will have to agree to that. There are a range of other issues that we're dealing with and we've had some success so far in the housing sector.

Mr. Wayne Arthurs: I suspect that there's a fair degree of lack of understanding, broadly, with the role that the federal government has and has to play in this process and that it wasn't solely a unilateral set of decisions by the provincial government, by you as a minister, as to things like exemptions or some of these transition rules or the engagement of First Nations. I think often people in Ontario wouldn't understand that. They would simply see it as a single and sole activity of the provincial government to make this happen.

Hon. Dwight Duncan: Yes. In fact, what made it more attractive to do than it has been in the past is the enormous co-operation we've had from the federal government: first of all, \$4.3 billion in transitional assistance, which we are passing through to consumers. Now, BC, as I understand, has chosen not to do that with their—they didn't get as much as we did. I think \$1.8 billion, BC?

Mr. Steve Orsini: One point six.

Hon. Dwight Duncan: One point six—the same per capita. But then there are the exemptions, the point-of-sale exemptions, the rules and so on. The federal government has been a very active partner in this. We talked about the tax input credits and phasing those in over time as opposed to immediately to help us, again, make sure that the overall tax burden is reduced for Ontarians and Ontario businesses. So it has been very much a co-operative effort and will continue to be. Again, I'd remind all Ontarians that when fully implemented, the Canada Revenue Agency will be the tax collector. I wish I had brought the two rule books around the RST and the GST, but we're getting rid of one, and that's where the \$500 million in savings and compliance costs accrues to businesses.

I remember when Steve first worked out what they estimated the savings would be to businesses, I was quite astounded at the order of magnitude we were talking about. So, yes, we've worked very closely with the federal government. In the future the federal government will collect the harmonized sales tax in Ontario and remit on a daily basis, based on an econometric model, as I understand it, our portion of that.

Mr. Wayne Arthurs: You mentioned that there's some sense that Manitoba may be giving consideration or may give consideration to following the more recent leads of both Ontario and British Columbia. Obviously Alberta is the anomaly. They already have a harmonized sales tax, I guess, but that's a whole other story. That would probably only leave, then, for all practical purposes, Saskatchewan, of any reasonable size, save and except PEI, which has a relatively modest population base and obviously economic base as well.

Hon. Dwight Duncan: Again, I can't say with any certainty what other governments will do, but there's certainly—I was surprised, candidly, at how quickly British Columbia moved, and I know that the Premier of Prince Edward Island, as well as the finance minister there, has actively talked about it. We'll see what the other remaining provinces—obviously Alberta won't, but Manitoba and Saskatchewan, it remains to be seen what they will do. I think that the evidence is pretty overwhelming and compelling that in order to compete they will have to take steps along these lines.

The Vice-Chair (Mr. Garfield Dunlop): You're down to six minutes.

Mr. Wayne Arthurs: At this point I'm going to turn to Mr. Delaney with our remaining six minutes or so.

Mr. Bob Delaney: I note with some amusement where Mr. Arthurs and the minister have left off. I just passed him a note saying that, in fact, Alberta has harmonized and their harmonized rate is 0% at the provincial level.

1620

Just to add one thing on to that, when we did the budget breakfast in Mississauga, we had some assistance from one of the largest CA firms and the senior tax partner, a very conscientious gentleman, said, "Listen, I'll see you guys again in May. I've got to go and do my taxes." And of course, he did all of his tax clients. When I saw him again in May, he said, "You know, I've been thinking about this all through tax season," and he took a number of his clients and he said, "I've stripped out the names, but here are the numbers." And he had very recent numbers and he was comparing the before and the after and he said, "The key thing here is tracking the PST in the business and because these people have been my clients a long time and I have all their data, I did track the PST in their business and the difference in after-tax income to businesses of virtually every size was just stunning." I looked at one of them, particularly a number of ones he did for real estate agents, and I said, "This has got to be wrong." And he said, "I thought so too, so I went back and redid it all." They were looking at enor-

mous, double-digit increases in after-tax income, just for doing the same thing, assuming that prices didn't rise and whatever else. Anyway, I digress.

One subject we've not touched on today has been something that we had talked about just prior to some of the problems that we've had in Ontario coping with the local economic slowdown, and that's been our call for fairness for Ontario at the federal level. I thought that I would ask you for an update on the progress of that.

Hon. Dwight Duncan: Thank you. I must say that the federal government has responded positively in a number of areas. The sales tax harmonization is a good example of that, in fact, to the point where Quebec has actually complained about the assistance we've had in terms of harmonizing. That doesn't mean that there aren't issues between us and that there aren't issues among governments. For instance, for many years federal transfers to provinces for health care were not provided to Ontario equitably and we were shortchanged some \$773 million. We have fought to ensure that federal funding for health care provided through the Canada health transfer treats all Canadians equally in response to this campaign. The federal government is now providing the province with an additional \$489 million in Canada health transfer funding for 2009-10. They acknowledged that what we had been saying was correct. This gives Ontario now per capita funding equal to other provinces. The increase in the Canada health transfer provides support to our hospitals and increased funding to the OHIP program.

In response to our call on the federal government to provide Ontarians with their equitable share of federal funding for post-secondary education and social services, the federal government placed the allocation of the Canada social transfer on an equal per capita basis starting in 2007-08. So again, we applaud them for that and their response to that. And it should be pointed out that the federal inequity against Ontario has been a part of the fiscal arrangements for health care, post-secondary education and social services for more than 30 years. So this cuts across governments of different political stripes. Getting the federal government to recognize and correct this unfairness has been, in our view, an important achievement.

Again, in the fullness of debate on public issues, we still differ on employment insurance, for instance, on the calculation of the so-called equalization formula. Mr. MacKinnon, who used to head the Ontario Hospital Association, has done a bulk of work about that. I won't get into that in any great detail today, but the federal government has moved in a number of important areas in a positive way to treat Ontario more equitably and we congratulate them for that.

The final piece, of course, was that we couldn't have done the harmonization had it not been for the federal government, both in terms of the flexibility it's given us on the rules around it as well as the cash that's been provided to assist us in that transition.

The Vice-Chair (Mr. Garfield Dunlop): You've just got about a minute left.

Mr. Bob Delaney: About a minute?

The Vice-Chair (Mr. Garfield Dunlop): Yes.

Mr. Bob Delaney: Okay, a quick question, then. Southern Ontario now has an economic development office and that was one of the things that we asked of the feds. Can you comment on that?

Hon. Dwight Duncan: Yes. Again, that was a long-standing issue that we had raised on a number of occasions, and in his last budget, Mr. Flaherty responded. I think the amount was \$100 million—I can't remember the dollar figure, if it was specified. It is designed to give southern Ontario—and many parts of southern Ontario have faced enormous challenges in this economy. My hometown of Windsor has the highest unemployment rate in the country. Other communities in the southwest have experienced similar challenges and dislocations. So the federal government, as part of its most recent budget, responded affirmatively to that. I think southern Ontario was the only area of the country that didn't have its own federally and provincially shared regional development agency, and they've responded to our request there as well.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, Minister. Are you okay without a break?

Hon. Dwight Duncan: I think I'm fine.

The Vice-Chair (Mr. Garfield Dunlop): We have about an hour left, so we've got a rotation for each group. Okay?

Hon. Dwight Duncan: Okay.

The Vice-Chair (Mr. Garfield Dunlop): So we'll go to the official opposition.

Mr. Norm Miller: Is this the last round?

The Vice-Chair (Mr. Garfield Dunlop): This will be the last round.

Mr. Norm Miller: Okay. Mr. Sterling wants to follow up on—

Mr. Norman W. Sterling: Yes, I'd like to talk a little bit about the accountability in the stimulus package, which Mr. Miller talked about before.

In the United States, their recovery and reinvestment package has attracted a whole number of new mechanisms to account to the public and to members of Congress as to how this money is being spent, where it's being spent etc. In fact, they have set forward accountability principles for the recovery funds which include a whole number of matters that make certain that the funds are being directed toward what they are purported by the government to be trying to do: create jobs, meet goals, targets etc. As well, they must provide spending performance data to the public in a detailed and timely form. As well, they have set up a recovery accountability and transparency board, which acts in some ways at arm's length from the administration, which will be issuing quarterly and annual reports on the use of Recovery Act funds and any oversight matters, will be sending flash reports to the President and Congress on potential management and funding problems that require immediate attention, and will be establishing and maintaining a user-

friendly website, recovery.gov, to promote greater accountability and transparency in the use of funds.

Our federal government is doing some of the same things. The federal government has set up a committee of deputy ministers with responsibility for tracking the progress and providing oversight on the implementation of the stimulus measures. Furthermore, the plan will be subject to reports in supplementary estimates and in quarterly reports to Parliament.

This issue raised great consternation with your federal cousins, in terms of their trying to bring Parliament to the brink, I believe, in February. This was part of their demands of the federal Conservative government: that they present quarterly reports of how the funds—where they are, who's getting them, what companies are providing them, how much it is, what area of Canada etc.

Given that the Auditor General has criticized your government on two occasions with regard to year-end spending—in fact, this last blush of money that was sent out in March didn't have proper application processes. He felt that there wasn't enough concern as to priorities with regard to that spending. It favoured one sector of our economy—our public infrastructure or public structure—and it didn't favour others.

1630

What are you going to do to improve your accountability with regard to this huge expenditure of—I believe it's a total of \$32 billion? How are you going to account to the people? How can I or my constituents find out in a timely way where it's being spent, who's getting the dollars and that it's being spent consistently and fairly across the province of Ontario?

Hon. Dwight Duncan: I think Rick took you through a number of the accountability mechanisms that are in place. MEI, the ministry responsible, has implemented, as I understand it, a number of other measures. Deputy, did you want to perhaps—

Mr. Peter Wallace: There's not really much to add to that other than, beyond the broad expenditure oversight and audit oversight within the Ministry of Finance, the actual tracking and reporting and primary accountability mechanisms associated with the overall infrastructure package and the capital package do remain with the Ministry of Energy and Infrastructure.

Mr. Norman W. Sterling: So are we going to get anything in addition? I mean, other governments have clearly made strides to provide additional accountability for this unusual and inordinate expenditure of large amounts of their tax dollars, or creating large amounts of their debt that they're going to have pay tax for. Are we not going to get any of that? Are we not going to get quarterly reports? Are we not going to get websites where we can look and see?

Hon. Dwight Duncan: We have undertaken a website. I don't believe it's up yet. I'll endeavour to check on that.

Finally, I will pass your questions on to the minister responsible, Mr. Smitherman. I'm not sure if he has been called for estimates or not over the summer, but certainly

we will pass that question on, and he can respond in greater detail.

Mr. Norman W. Sterling: Will you not commit in any way to providing us with timely reports?

Hon. Dwight Duncan: I believe we have very robust reporting mechanisms in place.

Mr. Norman W. Sterling: But I mean, the normal ones aren't satisfactory.

Hon. Dwight Duncan: There's always more room. I listened attentively to your points today. I've listened to the debate in the United States about the relative effectiveness of some of the measures you outlined. I can tell you that in terms of the stimulus money, we've worked very closely with the federal government.

As I say, Mr. Smitherman does have reporting accountability for the expenditures of those monies. I will undertake to relay your question to him and get a more complete response to you.

Mr. Norman W. Sterling: Thank you.

The Vice-Chair (Mr. Garfield Dunlop): Okay, go ahead.

Mr. Norm Miller: Thank you, Mr. Chair. I'd like to talk a little bit about the harmonized sales tax and a few aspects to do with it.

First of all, one of the things you're trumpeting as being a benefit of the tax is the fact that businesses that pay out the tax can get it back through an input tax credit. Yet, we see that there are restrictions on the input tax credits, as outlined in the budget. In fact, they grow as time goes on so that almost \$1 billion in 2010-11—businesses won't get that money back. Then it grows in 2011-12 to \$1.2 billion, and it grows in 2012-13 to \$1.3 billion. Businesses won't be getting that tax back. It will be an additional tax to them they weren't paying before, because the new tax applies to so many things that the old RST didn't apply to.

First of all, why do you have those? Why aren't you giving the businesses all that—allowing them to receive all those input tax credits, and why is the amount growing over time? I would have thought, if you're phasing it in, it should be going the other way; it should be reducing, not growing.

Hon. Dwight Duncan: I'm going to ask Steve to come up and respond in greater detail, but at a high level, I will respond in two ways: One, those input tax credit restrictions do grow, but they only will last for eight years, and that was by agreement with the federal government. The amount of money there, relative to the total input tax credits, is relatively small. It is a measure that is designed to help with the implementation, over time, of the single sales tax, or harmonized sales tax, here in Ontario. It's designed to phase out over eight years, and has been taken in consultation and as part of the agreement with the federal government.

Steve, I don't know if you want to add to anything.

Mr. Norm Miller: To be clear, businesses aren't getting the full benefit of the input tax credits and it goes over eight years. Is it continuing to climb over the eight

years as it does in the three years that show up in the budget?

Mr. Steve Orsini: As part of the memorandum of agreement with the federal government, the federal government gave the province flexibility to restrict certain inputs, similar to Quebec. So if you read the memorandum of agreement, it refers to the Quebec restrictions. These are identical to the scope that Quebec restricts. It's fully restricted for five years and then it's phased out over three, so that's a reference to the minister's comment of eight years. So the first five years it's 100% restriction and then it's a third, a third, a third.

Mr. Norm Miller: So the last three years it goes down?

Mr. Steve Orsini: It goes down. This is a built-in tax cut in a way because it's going to phase out, and I think there are a couple of points. It exists for Quebec now. Theirs is not temporary, at least as far as we know. BC, when they announced last week that they were going to harmonize with the GST, adopted the same restriction. One of the things that is in place here is to allow, as part of the total package of measures—remember, as the minister has said, this is a full package of measures where there are gives here and changes over here. This allows some flexibility to move faster with the corporate income tax cuts because overall the government's cutting taxes by \$2.3 billion over four years. That revenue, although temporary, was to help phase in the corporate income tax a little sooner than otherwise.

Mr. Norm Miller: Okay, and to be clear, with BC, they're not applying their proposed harmonized sales tax to some fairly key things that Ontario is. In particular, BC is not applying it to gasoline, which is pretty significant in the province of Ontario, particularly if you live in rural or northern Ontario, particularly for individuals, because if you live in a rural area you don't have any choice but to buy gas. So that's an extra 8% for the end consumer.

Hon. Dwight Duncan: You also know that BC is creating a carbon tax and it's going to be going up in each of the next three years and I think that was the reason they've taken the steps they have.

Mr. Norm Miller: Getting back to the effect that this is going to have on individuals who may just not be able to afford to pay for it, this past year I've certainly seen in my constituency office a greatly increased number of people coming into our office who are unable to afford to pay their hydro bill, their electricity bill. I don't know what the percentage increase is, but a substantial increase of people who are just on our doorstep because they're about to have their hydro cut off. This will mean an extra 8% added on to people's hydro bills. How are those people who are living on the edge right now going to pay their hydro bills?

Hon. Dwight Duncan: As you know, and we've talked about, we are providing the most generous sales tax credit in Canada to people of modest incomes. There are overall tax reductions for people of modest incomes, including personal income tax, as a sales tax credit.

We've increased the child benefit. We've increased the property sales tax credit. We have distributed samples of specific circumstances. I should also point out the price of electricity has come down, as I understand it, in the last couple of years due to declining demand for electricity. So overall, people of modest incomes, the types of people who will be faced with this type of situation, will in fact see their overall tax burden decrease, and decrease rather well. Finally, of course, over the first year of implementation, we will be providing families with a combined income of under \$160,000 with cheques totalling \$1,000. The first one will flow approximately June 2010, the second will flow before Christmas in 2010 and the third will flow just before the first anniversary of implementation. So that is a transitional mechanism that is designed to help people of all income levels, but I hope will particularly assist those types of families you've described that are having difficulty with their bills, help them transition and, as I say, overall, families with more modest means will in fact pay much less in taxes than they are today.

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Mr. Norm Miller: As you point out, unfortunately, the reason some of the electricity prices have come down is that half of the manufacturing is shut down in the province, so the demand is drastically reduced.

On the \$1,000 cheque, the perception I'm getting out there is that the reaction from people I run into is not very positive. It's looked at as a bribe, especially with the last cheque coming relatively close to the next provincial election. That is a perception out there: The taxpayers are being bribed with their own money. Secondly, if you're going to try to assist people with this new tax that is applying to so many new services, commodities, whatever, is there not a cheaper way of delivering it versus mailing cheques three times to all the people in the province? It seems to be a very expensive way to try to reimburse people.

Hon. Dwight Duncan: Well, frankly, when we were looking at that, I had similar concerns because you were part of a government that did that.

Mr. Norm Miller: No, I wasn't, as a matter of fact; it was before my time.

Hon. Dwight Duncan: Actually, you were, and people did, in fact, say similar things at the time.

Mr. Norm Miller: You probably said that.

Hon. Dwight Duncan: We looked at a range of options, and this one seemed to make the most sense. These cheques will be posted not by the government of Ontario but by the Canada Revenue Agency. As I understand it, we will probably benefit from bulk postage rates. Frankly, there wasn't a simpler or a cleaner way that we could see to do this.

As I said, the government of Ontario, the previous Conservative government had done something very similar, albeit on a different tax, and I'm aware of those concerns. I suppose if your party would prefer that we not do that, we'll certainly listen to your advice.

But again, we've undertaken to do this as a transitional method because that first year is the year that people get used to the new system, and this is designed to help them with that. There didn't appear to be a better way to do it than this, having made the decision that, in fact, it was appropriate to assist people in that transition year.

Mr. Norm Miller: So what about renters, in particular, certainly in my riding and I'm sure it's true around a lot of the province, where renters are paying their own heat? I've got a long letter, and I can't read what this constituent says about the \$1,000 cheque because it probably would be ruled to be not in order.

The Vice-Chair (Mr. Garfield Dunlop): Three minutes left to you, by the way.

Mr. Norm Miller: However, it's a property management company that happens to be from my riding writing to me concerned about how the new proposed tax is going to affect renters. I'll just quote a bit of their letter.

They say, "Point of fact in the past 12 calendar months I have filed for evictions for nonpayment of rent 19 times versus 4 times in the 120 months prior to that! And I can guarantee that it will go up again next summer unless something is done!" They go on to say, "Here in Parry Sound-Muskoka we don't have many buildings with that luxury. The tenants pay for their own heat. The heat source varies from unit to unit and with imminent increases in the cost of hydro, gas, propane and oil, hard choices for tenants are going to be made. Now the Liberals want to add 8% more to the high heating costs that tenants are already bogged down with." So is that correct? Is my constituent correct that a tenant who's paying their own hydro is going to have to pay the 8% and get no help with that?

Mr. Steve Orsini: The GST base has three different categories of tax: zero-rated, like basic groceries, where the consumer doesn't pay it and business gets input tax credits all the way through. Another category is called tax-exempt status, where the consumer doesn't pay it on their rental bill per se, but they pay it on their inputs going into the apartment building. In this case, renters would not pay it on their rent, but their utilities supplying to it would be subject to the single sales tax. I should note—

Mr. Norm Miller: So they're correct in assuming that the renter who's paying their own hydro will pay an extra 8%.

Mr. Steve Orsini: They would pay it like a homeowner would as well, so it would be—

Mr. Norm Miller: They'll pay an extra 8%.

Mr. Steve Orsini: —comparable to a level playing field. In addition to the transitional benefits that are paid in three points, what we're also doing is changing the delivery mechanism for the sales tax credit. Right now, our property sales tax credits are combined, and you pay at the end when you file your tax return for the prior year. To better match the relief, we are now paying the sales tax, or we would be paying the sales tax, in quarterly instalments throughout the year. So renters, in that case, will be getting their tax relief sooner because it will be

paid quarterly with the CRA, along with the GST credit as well.

The Vice-Chair (Mr. Garfield Dunlop): Something really quick here.

Mr. Norm Miller: Really quick, okay. One of the supposed savings from doing this is that there will be less bureaucracy involved with collecting taxes. There have been a lot of retail sales tax audits going on in the last couple of years. What happens to the arrears of retail sales tax going forward, and what sort of staff savings will you have from that move?

Hon. Dwight Duncan: I can answer that. First of all, for tax appeal situations that are in process, they will continue on. We estimate that there are 2,500 fewer employees at the Ministry of Revenue. There's—

Mr. Steve Orsini: I think there's a total of—there are positions that have been identified at 1,500.

Hon. Dwight Duncan: Yes.

Mr. Steve Orsini: It's not clear as to how many will—there are negotiations with the federal government. These are positions that are affected by the change. It doesn't necessarily determine the outcome.

Mr. Norm Miller: So you'll have some people who will carry on until, I assume, you get the past arrears.

Hon. Dwight Duncan: Yes, absolutely.

Mr. Peter Wallace: These are mechanisms that will continue, of course, to be—

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, Mr. Miller. That concludes your time.

Mr. Bob Delaney: Chair, just on a point of privilege, I guess, with regard to the discussion that the member was having with the minister: It should be noted that if the member is speaking as the party critic, then the minister can indeed hit him with guilt by association with regard to the mailing out of the cheques, but if my memory serves me correctly, the member was first elected after the last of those cheques went out in a by-election. Am I correct?

The Vice-Chair (Mr. Garfield Dunlop): Okay, that's your point. Now to the third party.

Mr. Michael Prue: A little bit of a red face, here. Back to the HST, you have promised to fill me in on the details about the signed deal with Mr. Flaherty on March 10, the first meetings. Could you also, in that response, tell me the list of dates? I don't want to breach cabinet secrecy or anything else, but the list of dates either you or your officials met with the officials of Canada to discuss the HST in the months leading up to March 10.

Hon. Dwight Duncan: To the extent that we can, yes, we will. You raised an appropriate caveat, but yes, to the extent that we can, we will.

Mr. Michael Prue: Okay. The next question on this is, in the memorandum of understanding between the federal and provincial governments on the HST, it states that the number of point-of-sale rebates, like children's clothing and feminine hygiene products, may not exceed 5% of the aggregate. What percentage of the aggregate is constituted by the point-of-sale rebates already identified by the Ontario government? In other words, how much

more room in dollars does Ontario have to create more exemptions?

Hon. Dwight Duncan: Deputy?

Mr. Peter Wallace: Steve?

Mr. Steve Orsini: That's correct that in the memorandum of agreement, there's a limit. There are a couple of conditions I should point out in the memorandum of agreement in terms of point-of-sale rebates. One is the quantum, the 5% of the GST base in Ontario. The comparable size in BC would be applicable as well. The second one: It has to be measurable under national accounts. In other words, the federal government has to be able to say how much it's going to cost and there's a number associated with that. So we are in the midst of now working through some of the details. For example, there are a number of point-of-sale exemptions—children's clothing and things of that nature—so the government has to announce the size category for that. That's still being worked through with the federal government. Once we have those details, we'll be in a better position to respond to the precise percentage that would be affected. But clearly we haven't used up all that room that's available. A more precise number will need to have the fine details with the federal government and we'll be in a better position to share that with you once the details are finalized.

Mr. Michael Prue: And when do you expect that to happen?

Mr. Steve Orsini: We're working quickly with the federal government. We're hoping to have something as part of the wrap-up of our tax collection agreement by the end of the summer, early fall.

Mr. Michael Prue: In the weeks leading up to the last budget in March, I remember questioning the finance minister and talking about the debt-to-GDP ratio, which was kind of low at that point. There was some discussion that we could afford to tinker a little with the debt-to-GDP ratio without causing problems, but with an \$18-billion or \$20-billion deficit and deficits for the next five years. What's the debt-to-GDP ratio today, and what will it be five years from now if your projections are correct?

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Hon. Dwight Duncan: I believe we've outlined those numbers in the budget. It will go up; you're absolutely right. It will still be very manageable. I'll quickly try to find it in here for you.

Mr. Peter Wallace: Page 141.

Hon. Dwight Duncan: Page 141 of the budget. Thank you. You'll see that we have two measures: the net debt-to-GDP ratio, as well as the accumulated deficit-to-GDP ratio. You'll see on the accumulated deficit-to-GDP ratio, in 2007-08 it's 18.1%. It will peak at about 23.1% in 2011-12, and decline, based on present estimates, to 20.7% in 2015-16. On the net debt-to-GDP ratio, you'll see it's currently standing at approximately 24.3% and will rise to as high as 32.5%, declining to 30.5% in 2015-16. You can find all the details of that on page 141 of the budget.

Mr. Michael Prue: Thank you.

I asked a number of questions today. At the beginning of the day, I asked some questions, and the minister declined to answer. We can quibble on the words, but he declined to answer. Then I put four questions later on, the questions about how much more the average individual consumer and household will pay in higher sales taxes, the total increase in provincial revenue, how much more the average individual consumer and average household will pay for energy, and how much more revenue the government would raise in energy costs.

My colleague Mr. Rosenstock, who works for the NDP caucus, put a similar question to the Ontario Ministry of Finance through a freedom of information and privacy—to the privacy coordinator. He sent in a \$5 fee and got the answer this afternoon.

"Dear Mr. Rosenstock:

"Re: G-09-0037-02 – Decision

"This letter is in response to your access request made under the Freedom of Information and Protection of Privacy Act (the act).

"A search has been conducted and the records you have requested retrieved. After careful review of their content it has been determined that the records are exempt from disclosure in accordance with the following sections of the act"—and it lists cabinet documents, advice to government, relations with other governments, economic and other interests of Ontario.

"If you disagree, you can pay \$25."

Why is the government attempting to stop Mr. Rosenstock and the people of Ontario from knowing the average annual cost to a household for higher sales taxes?

Hon. Dwight Duncan: First of all, with all due respect, we're not doing that. We're trying to get accurate answers for you so that—because unfortunately a number of people will try to say things that aren't there.

For instance, your second question is actually answered on page 134 of the budget, as I indicated to you.

With respect to the other questions: For some of them, we are still working through those calculations. I've undertaken to respond to you in writing once we have those answers. Again, I would have to see the precise nature of the questioning. But as I said this morning—and I have undertaken to answer the questions—you tried to preface the questions by separating them out from the entire policy, and I can't respond on that basis.

We will, however, do our best to respond to you in clear, concise terms on question number 2. That is contained in the budget, on page 134, and that has to do with the conversion of the RST base to the new sales tax base. In 2010-11, \$1.6 billion; \$2.1 billion in 2011-12; in 2012-13, it rises to \$2.13 billion. On that same chart, you go down on an annual basis and look at where the tax cuts are coming in. We have to answer and will answer completely and to the best of our ability the questions that you put forward.

Mr. Michael Prue: So notwithstanding what Suzette Collins, coordinator, has written to Mr. Rosenstock—

Hon. Dwight Duncan: Well, I haven't seen what your staff member wrote, and again—

Mr. Michael Prue: I have the copy here if you want to see it.

Hon. Dwight Duncan: We've already answered a quarter of the questions here. It's published in the budget. As I said, I've undertaken to get back to you when we have accurate information, and we will.

Mr. Michael Prue: So there will be no attempt, then, on "cabinet documents," "advice to government," "relations with other governments"—which I take to mean Ottawa—and "economic and other interests of Ontario"? Citizens cannot find out this information?

Hon. Dwight Duncan: We will respect all of our existing agreements as well as our desire to be transparent and accountable. So again, a quarter of your questions are answered right in the budget document itself on page 134.

Mr. Michael Prue: Yes, and three quarters will be forthcoming notwithstanding—

Hon. Dwight Duncan: Subject to all the agreements we have and subject to the limitations. But as I say, we make every effort to be transparent and accountable.

Mr. Michael Prue: In another field, eHealth-related questions: In 2008-09, how much money did the ministry spend on external consultants?

Hon. Dwight Duncan: You'll have to put that question to the Minister of Health.

Mr. Michael Prue: Okay. You don't keep tabs at the Ministry of Finance?

Hon. Dwight Duncan: Ministers—

Mr. Michael Prue: I'm asking about your ministry.

Hon. Dwight Duncan: That money would have flowed to the Ministry of Health, and the Minister of Health would be able to answer those questions.

Mr. Michael Prue: So the Minister of Finance, then, spent no money on external consultations?

Hon. Dwight Duncan: With respect to eHealth?

Mr. Michael Prue: Excuse me. I shouldn't have—it flows from eHealth. Let me rephrase: In 2008-09, how much money did the Ministry of Finance spend on external consultations?

Hon. Dwight Duncan: With respect to eHealth?

Mr. Michael Prue: No, with respect to anything.

Hon. Dwight Duncan: I'll have to undertake to get back to you with that.

Mr. Michael Prue: Okay. Can you provide a list of all of the agreements with consultants that your ministry made during 2008-09?

Hon. Dwight Duncan: We will undertake to get back to you with that.

Mr. Michael Prue: In the last four years, has your ministry ever contracted services from Courtyard Group?

Hon. Dwight Duncan: I will have to get back to you on that.

Mr. Michael Prue: Last but not least, in light of the excesses brought to light around eHealth—and again, I'm talking about your ministry—do you think it's time to include external consultants in the sunshine list? For

example, if a consultant is billing \$400 an hour and they hit the \$100,000 mark in a year, shouldn't they be listed on the sunshine list?

Hon. Dwight Duncan: I think a number of the requests you made may actually be in public accounts already. I'll have to look at that myself. Suffice to say we are interested in transparency and accountability. As you know, as a result of what happened at eHealth, the Premier and the government have undertaken a number of initiatives to provide for greater transparency and accountability, recognizing what occurred at eHealth, and we think those are the appropriate steps to take in this regard.

Mr. Michael Prue: So those questions will be answered forthcoming as well?

Hon. Dwight Duncan: Which questions again, specifically?

Mr. Michael Prue: Well, these are the three. In 2008-09, how much did the ministry spend on external consultants? And you said you would find that out.

Hon. Dwight Duncan: Yes. And that may already be in public accounts. I'm not certain.

Interjections.

Hon. Dwight Duncan: My officials tell me it is in public accounts, so that is readily available to you.

Mr. Michael Prue: All right. So that can be forwarded to me, because I'm not a member of public accounts, or perhaps I can just—

Hon. Dwight Duncan: Well, they're provided to all members.

Mr. Michael Prue: Okay. And the table of all agreements with consultants: Is that also with—

Hon. Dwight Duncan: I'm going to have to respond to you on that.

Mr. Michael Prue: Okay. Public accounts also asked whether or not your ministry has contracted services from Courtyard Group?

Hon. Dwight Duncan: I believe again that would be available in public accounts, but I will undertake to follow up with you.

Mr. Michael Prue: Thank you very much. Those would be my questions.

The Vice-Chair (Mr. Garfield Dunlop): There are no other questions?

Mr. Michael Prue: I have no other questions.

The Vice-Chair (Mr. Garfield Dunlop): Okay. We'll now go to the government members.

Mr. Wayne Arthurs: Mr. Chairman, knowing that this will be the last of our rotations, I believe we're prepared to stand down our final 20 minutes, and if everyone's ready, we're certainly prepared to vote on whatever matters we have before us.

The Vice-Chair (Mr. Garfield Dunlop): Okay. They'll stand down their time. Is everyone prepared to vote, then? We have consent on that? Agreed? Agreed.

Okay, then, well thank you very much, everyone. So we will put the vote now. I'm asking you if it's okay if I put the question. Okay? All right.

Shall vote 1201 carry? Carried.

Shall vote 1202 carry? Carried.

Shall vote 1203 carry? Carried.

Mr. Michael Prue: Excuse me, Mr. Chair, before you go on, I'm not a regular member of this committee; what is 1201, 1202 and 1203?

The Vice-Chair (Mr. Garfield Dunlop): Those are the sections of the estimates under—

Mr. Michael Prue: Oh, it's the sections of the estimates. Okay.

The Vice-Chair (Mr. Garfield Dunlop): We've gotten to 1203; we've got a few more here.

Shall vote 1204 carry? Carried.

Shall vote 1208 carry? Carried.

Shall the 2009-10 estimates for the Ministry of Finance carry? Carried. Do we need a vote on that? We've got a dissension.

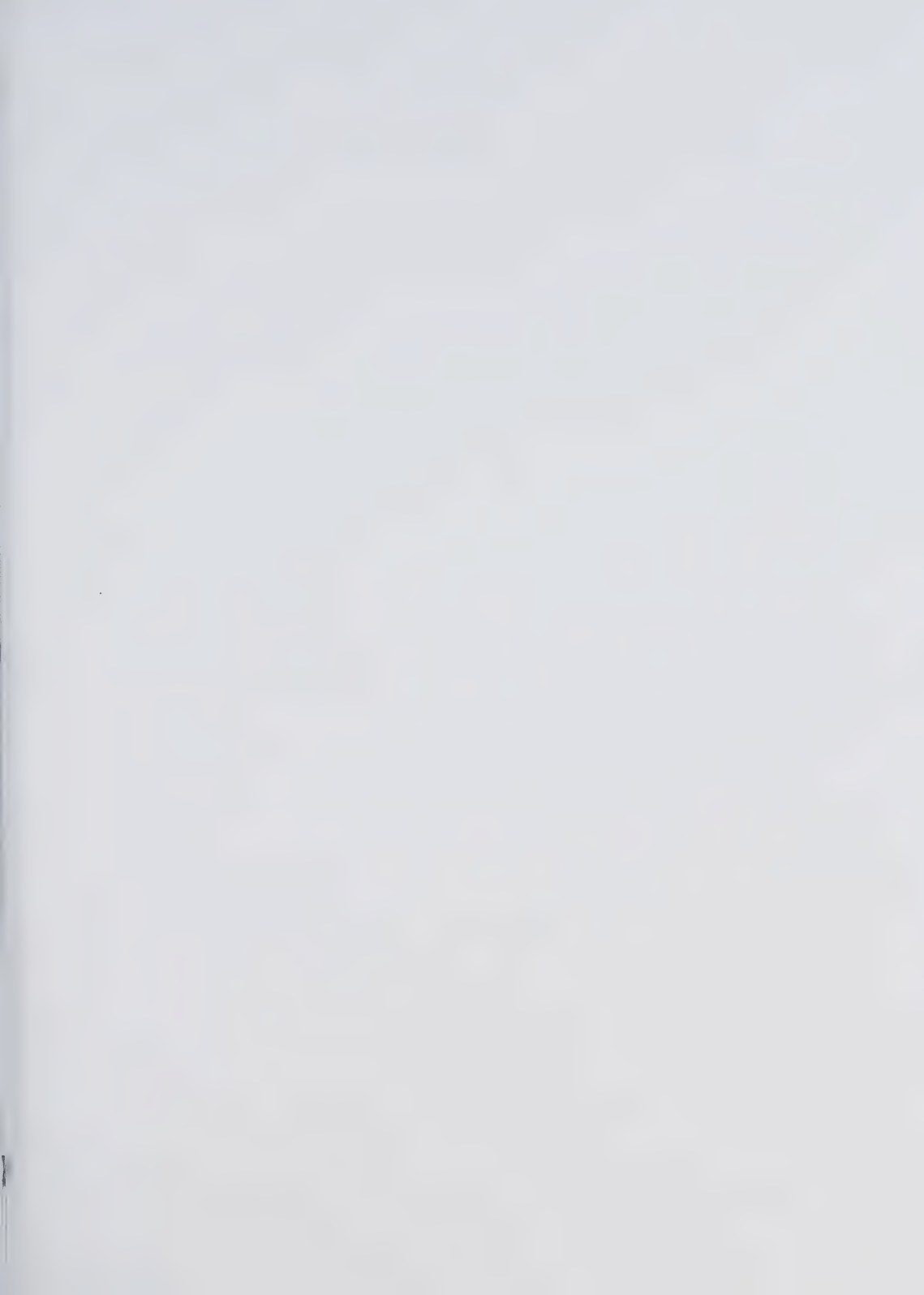
Mr. Norman W. Sterling: I said no.

The Vice-Chair (Mr. Garfield Dunlop): No. Okay, that's carried.

Shall I report the 2009-10 estimates of the Ministry of Finance to the House? Agreed. That carries as well.

We'll be meeting back here on Tuesday, September 15 at 9 a.m. for Research and Innovation. I'd like to take this opportunity to thank Minister Duncan, the deputy minister, all the staff in the ministry and the minister's office and all the members of the committee. With that, this meeting is adjourned.

The committee adjourned at 1702.



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Mardi 15 septembre 2009

Standing Committee on Estimates

Ministry of Research
and Innovation

Comité permanent des budgets des dépenses

Ministère de la Recherche
et de l'Innovation

Chair: Tim Hudak / Garfield Dunlop
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 15 September 2009

Mardi 15 septembre 2009

*The committee met at 0900 in room 151.*MINISTRY OF RESEARCH
AND INNOVATION

The Vice-Chair (Mr. Garfield Dunlop): We'll call the meeting to order, ladies and gentlemen. I'd like to welcome Minister Milloy and the staff of the Ministry of Research and Innovation here today. We're here for the consideration of the estimates of this ministry for a total of seven and a half hours. The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister, and I met Mr. Ross earlier, has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

We will commence with vote 4301. We will begin with a statement of not more than 30 minutes by the minister. You can spend the whole 30 minutes, Minister, as you know, on the work of your ministry, followed by statements of up to 30 minutes by the official opposition and the third party, and then the minister will have up to 30 minutes for a reply. So it's in the 30 minutes by the official opposition and the third party and the second round of 30 minutes for the government that questions can be answered and asked, as well as statements. The remaining time will be apportioned equally among the three parties.

We can start. So, Minister, the floor is yours, and you have up to 30 minutes.

Hon. John Milloy: Thank you very much, Mr. Chair and committee members. It's a pleasure to be back. I spent two wonderful years in the estimates committee so it's great to be back here again, this time sitting on the other side, I guess, to answer the questions as opposed to asking them. I just wanted to take this time to talk a little bit about our 2009-10 estimates and the ministry's role in making this province one of the best places in the world to translate a great idea into a new product, new business and new jobs.

First, I'd like to introduce senior ministry officials here today; first, my deputy minister, George Ross, and beside him, assistant deputy minister Tony Rockingham. Also with me today is assistant deputy minister and

science adviser Kamiel Gabriel; our director of commercialization, Bill Mantel; acting director of research and policy, Craig Fowler; acting director of outreach and promotion, Ryan Lock; John Marshall, who is our director overseeing our initiatives addressing venture capital; and our director of communications, Deborah Swain. As is the usual practice, if members have technical questions I may call on these individuals to help out providing some further information. I want to acknowledge the hard work, leadership and commitment to research and innovation that this team and our entire ministry staff demonstrate every day.

Innovation is now, more than ever, a critical element in growing our economy. We live in a world where globalization has fundamentally changed what makes economies competitive. As the Premier puts it, it's a world where, from wherever you are, you can borrow capital, you can copy technology and you can easily buy natural resources. That means there's only one thing left on which to build a high-wage, high-quality-of-life, high-standard-of-living economy, and that's talent; there's nothing else. Supporting talented people across this province is exactly what my ministry is about. It's an important part of our government's five-point economic plan. It capitalizes on a significant Ontario advantage: our skilled workers, our globally recognized research institutions and researchers, and our talented entrepreneurs.

The McGuinty government has made it a priority to help these talented people in their efforts to translate their ideas and their ambitions into new products, new business and new jobs. In fact, the Ministry of Research and Innovation is the only stand-alone provincial ministry dedicated specifically to innovation in Canada. Our role is to be a catalyst, supporting and bringing together the efforts of innovators across the province. They are the ones making world-changing discoveries, starting new companies, introducing innovative new products and accelerating Ontario towards a better future. Our job is to ensure that they have the support they need by making Ontario a great place to innovate. More importantly, it is our job to ensure that the sum total of all of their efforts results in new business and new jobs across Ontario.

Today, I am here to talk about how our ministry is achieving this. Over the last year, we've introduced forward-looking policy to create an environment in Ontario that encourages and supports innovation. We've made significant investments to support and attract talented researchers. We've made great strides in helping

innovators and entrepreneurs turn great ideas into new products, new business and new companies. We've helped raise Ontario's profile on the world stage as a place where innovation is happening, ensuring that we continue to attract the talent and investment we need to grow and compete.

First, I'd like to talk about the significant advances we've made on the policy front. While really talented, ambitious people can ultimately find success wherever they are, the right public policy can make their job easier, and forward-thinking public policy can be the difference between islands of success and an entire economy propelled by great ideas and new innovations. That's why one of the most important things my ministry did last year was to launch Ontario's innovation agenda. It's a plan that leverages one of this province's greatest strengths: the talent and imagination of its people. It's a plan that focuses on areas where this province has the research and entrepreneurial capabilities and market opportunity to be a global leader. These areas also represent some of the most compelling challenges that face Ontarians in the world, challenges like tackling climate change through innovation and bio-based environmental alternative energy and clean technologies.

We're conquering diseases through breakthroughs in the life sciences, biotechnology, advanced health technologies and pharmaceutical research.

We're bridging distance between people and giving all citizens equal access to information through continued innovation in digital media, information and communication technologies.

These are areas that reach across our entire province and our entire economy. That's why the McGuinty government has committed \$3.2 billion over eight years to put Ontario's innovation agenda into action. It's funding that is supporting world-class research and researchers working across Ontario. It's capital that's supporting innovators and entrepreneurs and developing new products and new businesses ready to take on world markets. It's support to connect innovators across the province to ensure that the ideas we're developing in labs make their way into the marketplace. That's important because the future of this province will depend on how well we translate the richness, talent, skills and ideas we have into economic competitiveness and growth.

An important part of Ontario's innovation agenda is building a supportive business environment for innovation. That includes tax policy that encourages innovative companies. For example, last fall the McGuinty government introduced the Ideas for the Future Act, 2008, which provides a 10-year corporate income tax exemption for new companies that turn homegrown ideas into Ontario jobs and products. Specifically, this tax exemption, which is the first of its kind in Canada, encourages Ontario's entrepreneurs through commercialized research coming out of Canadian universities, colleges or research institutions. It's one way we're making it more attractive to innovate in Ontario.

Another is the tax reform measures the McGuinty government introduced in the 2009 budget. These reforms,

which will take effect July 1, 2010, are the single most important thing we can do to strengthen our economy and strengthen the environment for innovation in this province. When the McGuinty government looked at best practices around the world, we noted that every other country in the Organisation for Economic Co-operation and Development, save the United States, has a value-added tax, as do four other Canadian provinces. It's the way modern, globally competitive jurisdictions do business. If we were starting a tax system from scratch, we would not require our businesses to collect two different sales taxes, send them to two different governments and comply with two different sets of regulations. We would choose a modern, efficient, single sales tax system that reduces business costs. At the same time, we're moving forward with permanent income tax cuts for Ontario businesses and families. In all, 93% of Ontario taxpayers will get a permanent income tax cut.

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These reforms will encourage the kind of business investment in productivity, competitiveness and innovation that's critical for a modern, growing economy. In fact, once fully implemented, our comprehensive tax reform package would cut Ontario's marginal effective tax rate on new business investment in half.

There are many ways that we are working to strengthen the climate for innovative businesses here in Ontario. We are doing this through enhanced tax exemptions and credits for scientific research, experimental development and the commercialization of intellectual property. Taken together, these measures are making Ontario one of the most attractive places in the world to develop a great idea into great made-in-Ontario products and new jobs.

Innovation is a process that relies on a steady flow of new ideas and new knowledge. We're fortunate in Ontario that we have a lot of world-class researchers working on potentially world-changing research—people like Dr. Paul Corkum, one of the top physicists in the world. Each year we celebrate excellence in research through the Premier's Discovery Awards, highlighting individual achievement and showcasing Ontario's attractiveness as a global research centre.

This year we recognized Dr. Corkum. He is best known as the father of attosecond science, using lasers to peer into matter. The laser emits a short pulse of light timed by the attosecond, one billionth of one billionth of a second. To give you a sense of how brief this is, one attosecond is to one second as a second is to the age of the universe. Getting laser pulses that incredibly brief allowed Dr. Corkum to capture the world's first picture of an electron, one of the smallest bits of matter in the universe. The ultimate goal of this work is to actually control the movement of electrons as they speed inside molecules. As esoteric as that sounds, it's groundbreaking work that could revolutionize fields ranging from diagnostic medicine to computing, expanding the boundaries of science and enabling technology breakthroughs. It all starts with the hard work and talent of researchers like Dr. Corkum.

That's why, since 2003, the McGuinty government's funding for research has reached a historic high of \$1.3 billion. We're investing in the work of world-class researchers right across the province through our Ontario research fund research excellence program, which since 2004 has committed nearly \$300 million to support leading-edge research. In recognition of the particular challenges around funding leading-edge genomics research and the tremendous potential of breakthroughs in this area, the recent budget committed an additional \$100 million to create the Ontario research fund global leadership round in genomics and life sciences, known for short as GL². This initiative will ensure that Ontario has the funding to support and attract leading genomics researchers. By supporting their work, we will generate new knowledge that could lead to cures, better treatment and, more importantly, the prevention of diseases like cancer, diabetes and heart disease.

But it's not enough to simply support research projects. Talented researchers also need access to the latest tools and facilities, which is why our Ontario Research Fund's research infrastructure program has committed close to \$310 million since 2004. This funding for new labs and equipment leverages 150% of our investment from the federal government, institutions and industry.

Ontario's commitment to maintain and support this province's world-class research capabilities is getting noticed. An excellent example is cancer research, where, thanks to the efforts of the Ontario Institute of Cancer Research, or OICR, Ontario is quickly becoming a world leader. The McGuinty government committed \$357 million to create the OICR, aligning Ontario's considerable strengths around cancer prevention, detection, diagnosis and treatment. In April 2008, OICR's leadership was confirmed when it was selected as the global secretariat for an international effort to unlock the genome of the 50 most common cancer tumours. The project, called the International Cancer Genome Consortium, will generate a staggering 25,000 times more data than the Human Genome Project, and Ontario, through OICR, has been asked to serve as the global data centre for the project. In essence, we will develop the largest health informatics database in history, and play a significant role in understanding and ultimately beating cancer.

Ontario also recognizes that maintaining and building this sort of research leadership in the future means investing in promising up-and-coming researchers today. That's why we committed \$11.5 million over the last year to support 82 emerging researchers through the Early Researchers Award program. This funding helps young researchers launch and build their careers in Ontario. Researchers funded through this program also engage with youth to encourage them to choose a career in science and engineering. To date, these efforts have created 550 outreach events across Ontario and reached almost 24,000 young people in our schools. In addition, MRI has committed more than \$5.4 million to initiatives that help schoolchildren discover science. Those efforts generated well over 4,000 events across the province last year and reached over 134,000 youth.

Talented people with great ideas are where innovation begins. It's very important to note, though, that that's not where it ends. If we are to create an economy propelled by innovation, Ontario must excel at turning new knowledge into new products, new business, new companies and new jobs. To ensure that we do just that, MRI is making significant investments to help innovators and entrepreneurs take new technologies from the lab to the marketplace. Our recent budget committed an additional \$50 million to enhance the successful innovation demonstration fund. This fund has already announced support for 10 Ontario companies, committing more than \$22 million to help them demonstrate emerging bio-based, environmental and alternative energy technologies. According to the GLOBE Foundation of Canada, "the global market demand for these" sorts of "water purification, solid waste management and clean energy technologies exceeds \$1 trillion per year." These demonstration projects help innovative Ontario companies go after that incredible opportunity. It helps them attract the lead customers and investment needed to take their business to the next level.

This revolution in clean technologies is creating remarkable opportunities within existing industries as well. Ontario's agricultural and forest industries, to name just two, are finding new markets in growing areas like renewable environmentally friendly materials and clean energy. Ontario is helping them pursue these opportunities through several initiatives. For example, we have committed \$25 million to establish the Centre for Research and Innovation in the Bio-Economy—or as it's more commonly known, CRIBE—in Thunder Bay. This centre takes advantage of Ontario's considerable forestry expertise. It will attract world-class researchers and industry leaders to develop the next generation of renewable materials and energy from forestry by-products.

Another way MRI is helping is through our support for the Ontario BioAuto Council, which generated several projects over the last year that connect forestry and agriculture to manufacturing. One of these projects is helping Ontario auto parts manufacturer the Woodbridge Group develop its BioFoam technology. It's a material derived from plant seed oils instead of petroleum. Today, it's used in the seat cushions, head restraints and armrests of several popular vehicles. Thanks to BioAuto support, Woodbridge is developing new applications and new markets for the material. One of these is a system that incorporates BioFoam with natural fibres to create automotive ceilings that are lighter and provide better cabin sound quality. As consumer demand and regulation accelerate the development of greener cars, these kinds of projects are helping Ontario-based manufacturers stay at the leading edge with better, more environmentally friendly products.

Innovation isn't just helping traditional industries find new markets and new opportunities; it's also helping Ontario attract research-intensive high-growth sectors like biopharmaceuticals. PricewaterhouseCoopers predicts the global market for pharmaceutical products,

excluding medical devices, will more than double in sales to \$1.3 trillion by the year 2020. With Ontario's biopharmaceutical investment program, or BIP, as it's more commonly called, we're working to ensure that Ontario is a global destination for biopharmaceutical research and development. Already, the program has contributed to expansions in Ontario by leading pharmaceutical companies like Sanofi Pasteur, Purdue Pharma and Pfizer. These companies are expanding their research and development footprint in Ontario, developing new and better ways to treat disease and creating new, high-value jobs.

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Big pharma companies aren't the only ones creating jobs. Ontario is also home to many emerging innovative companies. While they might be small today, they're fast-growing and hold great promise for creating new jobs. In many cases, they already have a solid business plan, a great technology and talented leadership. What they need to grow in Ontario is access to investment capital. That's why Ontario is working with the investment community to ensure this province has the right investment climate to support the growth of innovative companies.

One way we're doing that is through the Ontario venture capital fund, or OVCF, which was launched in June 2008. The fund is a partnership between Ontario and OMERS, the Royal Bank of Canada, the Business Development Bank of Canada and Manulife Financial, thus bringing together government and key institutional and corporate investors. Ontario committed \$90 million to the fund and with the contribution of its partners, we've created a \$205-million fund. Managed by TD Capital partners, this market-driven fund of funds invests in underlying investment funds that in turn invest in innovative companies.

By providing more resources to top-performing Ontario funds, the OVCF helps make our strongest performers stronger. That's important. Successful VCs aren't just sources of capital; they're very, very good at identifying and developing high-potential, innovative companies. That skill means that investment flows to the companies most likely to succeed and most likely to grow, generate profits and create jobs. It's a skill set we need in Ontario, not only to ensure our best companies grow, but to make sure they grow here at home, because in the absence of talented VCs, innovative Ontario companies have two choices: They can stay in Ontario and perhaps become a local success, or they can find somewhere else—Boston or San Diego or Singapore—where there is a more supportive VC environment, and then grow into a global success. With initiatives like the OVCF, we're ensuring innovative companies can grow into global entities right here in Ontario.

In a typical year, bringing \$205 million of new money into the venture capital market would have probably been on its own a pretty significant accomplishment, but as all of you know, this last year was far from typical, particularly when it came to the capital markets. As credit markets tightened up, it became increasingly difficult for

emerging companies to raise capital. For new, innovative companies looking for investment to grow, options grew very thin.

Recognizing the need to respond quickly, the McGuinty government announced the new \$250-million Ontario emerging technologies fund in March. This fund will co-invest, alongside qualified venture capital funds and other private sector investors, directly into the high-growth, high-potential companies, the kinds of companies pursuing the tremendous global opportunities we've identified in Ontario's innovation agenda.

It's an approach designed to get investment capital directly into these companies, mirroring the market and taking advantage of the investment expertise we already have in Ontario. This is a priority for our government, which is why we moved quickly to establish the fund. When we announced it in March, we said it would be up and running by the end of July 2009 and I'm pleased to report it was launched on schedule. That means that in a very short period of time, Ontario has helped increase the pool of capital available to invest in innovative companies by nearly half a billion dollars. Equally as important, we've partnered with the investment community to ensure that we establish a strong and sustainable climate for innovative companies in this province now and well into the future.

Money is very important, but capital alone will not make Ontario one of the best places in the world to bring innovation to market. Places like the Silicon Valley offer capital and access to a whole network of experts—people who know how to grow an innovative company. By tapping into that network, a company can get the type of valuable advice, connections to management talent and access to the kind of opportunities that only happen when groups of talented people get together.

Our aim is to build that kind of network right across Ontario. To accomplish that, MRI embarked, in September 2008, on a review of the existing programs and partnerships Ontario has in place to support commercialization. From Windsor to Ottawa and from Thunder Bay to Toronto, Ontario has partnered with organizations that help their clients researchers, entrepreneurs and innovative businesspeople move new innovations to market. Across Ontario, their combined efforts have touched thousands of innovators and helped create over 200 new companies and over 1,500 jobs; in other words, they do good work. But if we're going to realize Ontario's vision of being one of the top three jurisdictions in the world at commercialization, good or even really good isn't good enough.

So the ministry turned to experts—leaders in business, investment and research communities here in Ontario and around the world—to independently review this existing network of programs and partnerships, and advise us on how best to move forward. What did they tell us? To truly compete against the Bostons, Cambridges, San Diegos and Singapores of this world—in other words, to become a destination for talented investors, entrepreneurs and innovators—their review found that Ontario needs to

do two things: first, make our network more coordinated and more client-focused; and second, make it easier for innovators across the province to find the support they need to move their ideas to the global market.

Over the next year, we will do just that. We're building on our existing partnerships to create a new, more coordinated, more client-focused network. When we roll out this improved network early next year, an innovator will be able to walk in the door of whatever partner organization is closest and easily access expertise that's just around the block or right across the province. Innovators will have access to best practices from around the world, programs linking them to researchers and successful entrepreneurs, and funding and advice to get their ideas into the marketplace.

As much as possible, this network will make geography irrelevant. It will make shifts between government programs seamless. It won't matter where you are. It won't matter what stage your idea or business is at. All that will matter is the quality of your idea, the depth of your commitment and your drive to succeed. It's the kind of network Ontario needs to accelerate and replicate the success we're already seeing across the province, not just in Ottawa or Toronto or Waterloo but in places like Windsor and St. Catharines and Thunder Bay.

Earlier, I mentioned the Premier's Discovery Awards, which recognize research excellence. Ontario also recognizes talented entrepreneurs and innovative businesses with our Premier's Catalyst Awards. This year's winner was Cinevate, a Thunder Bay company started by founder Dennis Wood in the basement of his home. In two short years, the company grew from a great idea into a leader in the field of optical and cinematography products. The company's flagship product allows today's newest video cameras to use traditional photographic lenses, allowing filmmakers to achieve the quality and look of Hollywood films at a fraction of the cost. It's an innovative approach that has generated a lot of interest and a growing, new company. It's the kind of success we can and must repeat again and again right across the province if we are to compete based on our best asset, the talent and skills of our people.

I'm proud of the work my ministry has done to support leading researchers and entrepreneurs. Success has a way of breeding success. In Ontario's case, our world-class research institutions and innovative companies can be a powerful magnet, attracting new talent and investment. But that will only happen if people around the world are aware of the exciting things happening here. That's why Ontario participated in Cleantech Forum XXI in San Francisco last February. It's an event that attracts 800 of the world's clean-technology sector leaders, representing over \$3 trillion in capital, together with entrepreneurs, scientists and policy-makers. MRI worked with several ministries, including the Ministry of Economic Development and Trade, the Ministry of the Environment, and the Ministry of Energy and Infrastructure, to coordinate our participation. It was an opportunity to showcase our innovative companies, our

remarkable pool of talent, and leading policy like the Green Energy Act.

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Ontario has also participated in BIO 2009 in Atlanta, the world's largest life sciences networking opportunity. This year, Premier McGuinty won the International Leadership Award for Ontario's strong commitment to the development and growth of the biotechnology sector. The award was presented at the conference, raising Ontario's international profile as the place to be for biotech.

The Vice-Chair (Mr. Garfield Dunlop): You've got just over a minute, Minister.

Hon. John Milloy: Okay.

My ministry will continue to work in partnership with other ministries to find new opportunities to profile Ontario innovation and Ontario innovators on the world stage. As we move from success to success, this province will become a sought-after destination for talented people, innovative companies and global investment.

Maybe with that, Mr. Chair, as I have less than a minute, I will conclude. I look forward to the comments and questions from the committee. You said I had less than a minute, right?

The Vice-Chair (Mr. Garfield Dunlop): Yes. You've still got 30 seconds or so.

Hon. John Milloy: Oh, okay. That's fine. We'll add it all up for the end.

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, Minister.

Now we turn it over to the official opposition. You have 30 minutes to either ask questions or make a statement or a combination of both.

Mr. Jim Wilson: Okay. Thank you very much, Minister, and your colleagues, for being here today. On a personal note, I want to thank you for your personal note to me earlier this year when I wasn't feeling so well and took ill, so thank you for that. It was much appreciated. That's about as nice as I'm going to be today, though.

I think we'll probably be asking most ministries this, both in the House and as they appear before estimates, and that's in terms of just—I'll get to some of your investments later—accountability for all ministries. Just to put my questioning into context, Mr. Chairman, I want to go over some of the disturbing things we've seen at eHealth and OLG and that just very briefly.

Over the past year, and particularly this summer, taxpayers have learned a lot about how this government's massive abuse of tax dollars at various government agencies has affected trust in your government.

At eHealth Ontario, over a four-month period, executives spent over \$16 million in taxpayer-funded health care dollars on outside consultants without allowing public bids, even though it employs 160 people who make over \$100,000 a year. One consultant was allowed to bill \$300 an hour to read newspapers, watch television and engage in conversations on the subway. Another consultant billed \$300 per hour to plan a Christmas party, then hired an executive assistant who got paid \$1,700 per

day, or \$213 an hour. After three months on the job, then-CEO Sarah Kramer topped up her \$380,000-a-year salary with a \$114,000 bonus. They also spent \$27,000 to sponsor a conference in Quebec that appears to have included a nice cocktail reception for its participants.

At OLG, we saw the same excessive use of consultants. After being hired, OLG president Kelly McDougald dished out a \$1-million untendered contract to Caldwell Partners, the same executive search firm that suggested her as a candidate for the job in the first place. The finance minister admitted there were untendered contracts given out at OLG, although he didn't provide details, so I assume there's a lot more.

Over at MPAC, we learned how more rules were broken. According to their policies, external consultants that are extended beyond their initial term cannot have a dollar value of more than twice the amount of the original contract, yet an internal audit found the agency extended contracts to anywhere from five to 14 times the initial value, for a total of \$11.4 million.

The misuse of tax dollars seems to be just the tip of the iceberg, so I just want to ask you to give an overview of what specific steps you have undertaken to ensure that the \$500 million that your ministry spends isn't being abused like it has been in some other ministries.

The Vice-Chair (Mr. Garfield Dunlop): Go ahead.

Hon. John Milloy: Thank you very much, Mr. Chair. Mr. Wilson, if it's okay, I will give you an overview of the ministry and then, perhaps, if you have specific questions, we have officials who can talk about it.

Obviously, the Ministry of Research and Innovation has a number of different types of programs that come forward.

Research programs—if I can divide my answer up and begin with research programs—involve scientific peer review panels composed of world-class academics and industry experts, with the exception of the post-doctoral fellowship program which defers adjudication to eligible institutions. Internal due diligence includes the determination of eligibility and compliance with individual program guidelines, as well as adherence to the ministry's service standards.

In terms of the cluster of programs we might call commercialization programs, here again the ministry uses expert review to determine how all funds are allocated. Experts who are used are often seasoned entrepreneurs with a strong background in both business and technology issues. Where the funds are provided to an organization, strategy and economic development experts are used to provide advice. Often, international panels are struck. Where the ministry provides money directly to companies, there are three levels of due diligence: first, technical feasibility of the potential product or technology; second, financial due diligence on the financial strength of the company; and, finally, an interim ministry review to ensure projects are consistent with the priorities of the government.

MRI strategy calls for funded projects to be benchmarked with the best in the world. Accordingly, the

ministry seeks out the best people in their fields globally to provide due diligence.

In terms of procurement within the ministry, my ministry always follows the Management Board of Cabinet guidelines. The guidelines in place before the summer, as you know, were changed on June 17 when he announced that the government and all its agencies would no longer allow single-source contracts for consulting services. The Ministry of Research and Innovation began to follow those new guidelines immediately and will continue to follow the government's procurement policies.

In terms of agencies and other entities which receive operating funding from MRI, the rules of these are specified in contracts and agreements. As a result of concerns raised during the summer and the changes made in directives which apply to agencies, MRI has been in contact with the groups we provide funds to, alerting them to changes in expectations. All active agencies of MRI have confirmed that they will meet the requirements of the new directives.

Contracts with other groups which are not agencies but which receive ongoing support from MRI will be modified as necessary to ensure parties meet the new expectations.

Finally, in terms of the ministry itself, we've adopted modern controllership principles in ensuring compliance with contracts. Staff undertakes a review of payment obligations when invoices are received to ensure that any payments from MRI are consistent with contractual obligations. In addition, the ministry makes use of internal audit services and special reviews when circumstances warrant their use.

That's an overview of the programming and the ministry itself. As I say, if you have individual questions, either I or officials can answer.

Mr. Jim Wilson: Okay. I know in your ministry, because I was Ontario's first minister of research, that you do use experts. I was wondering if you could tell us how many experts you've used, how much money you've spent on them. Also, you probably use external consultants. That's what most other ministries call them. I was wondering if you could tell us, over the last fiscal year again, how much money you've spent on external consultants.

Hon. John Milloy: Sure, we can provide that in written form to the committee.

Mr. Jim Wilson: Could you let us know which of those were sole-source contracts?

Hon. John Milloy: Yes, we can provide that information. As you rightly point out, we deal with highly specific and often technical issues and sometimes need to reach out to very specialized individuals.

Mr. Jim Wilson: In the last fiscal year, did the ministry conduct any focus group discussions or hire someone to do it? If so, will you provide the committee with a copy of their report and their invoices?

Hon. John Milloy: Certainly. We're making note of these requests.

Mr. Jim Wilson: In the last fiscal year, did the ministry conduct any polling? If so, will you provide us with the results of that polling and the cost to have that polling done?

Hon. John Milloy: Yes. Just for Hansard, I'll say we're noting the questions here.

Mr. Jim Wilson: The 2007-08 public accounts show that the ministry spent over \$71,000 on the Sutton Place Hotel. What was this for? If it was for meetings, why couldn't you use the government offices, which wouldn't cost the taxpayers an extra penny?

Hon. John Milloy: Again, we can get you background information on that.

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Mr. Jim Wilson: Okay. The 2007-08 public accounts also shows an expenditure of over \$70,000 to Strategic Counsel, and we'd like to know what that was for.

Hon. John Milloy: We'll, again, take note—

Mr. Jim Wilson: And just turning to—yes, I appreciate that you'll have to get back to us on a lot of the stuff.

Ontario Centres of Excellence: As you know, they're not subject to freedom of information, so we've been trying to get the information from them. In 2007-08, their annual report shows that the Ontario Centres of Excellence had expenditures of almost \$39 million. Again, within those organizations, could you tell us how much money was spent on external consultants and so-called experts and which of these were sole-sourced? Could you provide us with a list of these external consultants and experts? Of the amount spent on external consultants, how much was spent on communications consultants? Of the amount spent, again, how many were sole-sourced? The 2006-07 annual report lists the names of the companies which OCE holds debentures in, but in the 2007-08 annual report the list is missing and it only states the number of companies that OCE holds debentures in—just the number of companies. Can you explain why that change was made?

Hon. John Milloy: Yes, we're taking note of those questions, Mr. Chair.

Mr. Jim Wilson: Okay. Will you provide us a list of the companies that OCE held debentures in as of March 31, 2008, and March 31, 2009?

Hon. John Milloy: Yes, we're taking note of all of these, sir.

Mr. Jim Wilson: Perhaps it's time to make OCE subject to freedom-of-information legislation. Have you explored that with them or with your government?

Hon. John Milloy: Not that I'm aware of. I'm very new to the post.

Mr. Jim Wilson: Do you know why, after all these years, they're still not subject to freedom of information? Does anyone know the history?

Hon. John Milloy: I believe that actually falls under a different ministry, does it not, in terms of freedom of information? Perhaps I can ask my—

Mr. George Ross: I'm not familiar with the specific provisions of the freedom of information act and how

they relate to the OCE. We will undertake to look into that, Mr. Wilson, and get an answer back to the committee. I should say, though, in the context of the review of our commercialization programs that the minister referenced in his opening remarks, we have gone through a process with the Ontario Centres of Excellence to update their contractual relationship with the ministry. That contract, going forward, will reflect the new provisions the government has put in place for all agencies with respect to travel and hospitality.

Mr. Jim Wilson: Okay. Just so you know, Minister, and you probably do know or you would know, our research staff wrote to the head of OCE asking for these very same things: use of consultants, companies they hold debentures in etc., and our staff was told by the CEO that the information would not be disclosed because OCE is not subject to FOI—freedom of information. So if the OCE is to be transparent and accountable, why wouldn't they share information with us? I mean, the Premier has consistently said that he wants his government to be open and accountable, and yet we ask such simple questions—they do receive over \$40 million in taxpayers' money. Do you have any explanation for their unaccountability at this point?

Hon. John Milloy: First of all, Mr. Chair, we're going to endeavour to provide answers to Mr. Wilson, but I think just for the record here it should be noted that the OCE has a number of different funders—the province, the federal government as well as the private sector. So it is not a sole provincial agency. It's one that we fund, so our relationship is slightly different than it might be in other cases.

Mr. Jim Wilson: Fair enough. I expect they have trade secrets and some patents pending and stuff like that, hopefully, too in it. But just for the record, the FOI legislation allows exemptions for that sort of thing, so if we could make it more transparent, I think it would be in the best interest of the taxpayers.

Mr. Chairman, I'm just going to move on to venture capital. You'd spent some time talking about that. I have a rather lengthy letter here that was sent to the Premier on March 16. I'd like to read it into the record because it explains their concerns, obviously, better than I can do on their behalf. It's from Canada's Venture Capital and Private Equity Association. It is fairly lengthy but it is also quite informative, from Gregory Smith, the president of the CVCA. It reads:

"Dear Mr. Premier:

"On behalf of Canada's Venture Capital and Private Equity Association ... I would like to draw your attention to the critical situation facing Ontario's venture capital industry." I'm just going to ask you at the end, Minister, to comment on what they say and the points they raise. "The current severe economic downturn is further exacerbating an already difficult fundraising and investing environment and risks compromising our collective ability to fund the industries of tomorrow.

"Venture capital (VC) firms generally focus on entrepreneurial and fast-growing small businesses in the

technology arena, including information and communications technology, life sciences and biotechnology, alternative energy and clean tech. Perhaps the best known Canadian VC success story is Research in Motion, which has fundamentally changed the way we work and communicate, while at once creating tens of thousands of jobs and serving as an engine for Canada's economy.

"The CVCA has recently released a study on the economic impacts of venture capital. This study has been led by the CVCA with the financial support of Ontario, several other provincial governments and the federal government. This study clearly shows that venture capital in Canada has resulted in the creation of close to 150,000 jobs and an additional 1% to Canada's GDP. In addition, according to the Information Technology Association of Canada (ITAC), 700,000 Canadians work in the broader information technology and communications technology sectors.

"This record reflects the specialized business-building skills that Canada's venture capital firms bring to their portfolio companies. It is also a measure of our long-term focus, astute risk management and strong sense of corporate responsibility and accountability to stakeholders.

"While the venture capital industry has been a key driver of Ontario's prosperity, our members are currently facing significant challenges that we believe require government action. At a time when our economy urgently needs new success stories like RIM, ATI, Open Text, Cognos and Corel, we believe that it is vital for the government to address"—then they list a couple of things:

"—current lack of funding available to bridge the gap between research and development and the commercialization of promising technologies;

"—existing obstacles to foreign investment.

"Each of these challenges is presented below along with a proposed approach to form the basis for a more detailed discussion."

They talk here about both the involvement of the federal government and the provincial government.

Under the heading of "Access to Funding":

"Given the current economic environment, fundraising in our sector reached new lows in 2008. The ability of funds to raise new capital impacts their capacity as financial intermediaries to make investments into promising companies. Because of the increasing difficulties in fundraising between 2003 and 2008, venture capital investment in Ontario dropped to \$99 million in Q4 2008, down precipitously from \$177 million in Q3 2008 and from \$217 million in Q4 2007.

"The lack of capital available to venture capital investors reflects the broader market volatility and the new market realities. Institutional investors such as pension funds have incurred considerable losses in their public equity portfolios, which in turn has resulted in a corresponding lower allocation to venture capital and private equity. Additionally, individual investors are increasingly reticent to invest in publicly-traded vehicles such as labour-sponsored venture capital corporations, for a

variety of reasons, including the gradual withdrawal of tax incentives for investing in the asset class.

"Simply, the lack of capital is putting Ontario's innovation at risk. Without funding, there is an increasing and very real risk that Ontario will not be able to fully capitalize on and benefit from its multi-billion-dollar investment in research and development.

"We note that the federal government has already taken significant steps towards improving SMEs' access to credit. However, the fastest-growing, most export-intensive Canadian SMEs are disproportionately backed by equity infusions from venture capital funds. The current economic environment is depriving venture capital funds of their ability to raise capital, thereby robbing our most promising SMEs of the opportunity to grow.

"A practical commercialization support program will ensure that more of Ontario's enterprising companies are able to realize their full potential, which will help to strengthen Ontario's competitiveness in the global, knowledge-based economy of the 21st century. The CVCA recommends the following initiatives:

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"—setting up a federal, \$300-million, third-party-managed fund of funds similar to the fund recently established by Ontario to help fuel the growth of vibrant, leading-edge companies"—you mentioned that in your remarks;

"—doubling the size of the Ontario venture fund through a direct injection of \$200 million in government funding;

"—improving the federal scientific research and experimental development program (SR&ED) so that for every \$1 of approved claims, \$1.50 is returned to the company, thereby stimulating its growth and development; Ontario's support on this score would be welcome;

"—enabling greater use of government procurement/offsets to encourage domestic as well as foreign multinational investment in domestic venture capital funds; and

"—creating an incentive for large Ontario corporations to invest in domestic VC funds, where an investment in a VC fund would receive the same tax treatment that is currently available for in-house research and development.

"These measures would benefit Ontario's technology firms as well as its venture capital funds in both the short and medium term and would improve our collective ability to achieve the longer-term innovation and productivity goals that are necessary to maintain the province's competitiveness in the global economy."

Just another page and a half. Under the heading "Removing Remaining Obstacles to Foreign Investment":

"Foreign venture capital investment has historically been an important contributor to the success of emerging Canadian companies. However, at the end of the fourth quarter of 2008, foreign venture capital investment in Canada fell 56% in 2008 relative to 2007, the lowest level in five years. Moreover, this trend appears to be accelerating.

"We encourage the government to examine ways to improve Ontario and Canada's investment appeal. The CVCA shares the analysis of the situation put forth by the recently-released federal Advisory Panel on Canada's System of International Taxation, namely that the current section 116 process 'may negatively affect Canada's ability to access foreign capital, particularly by private companies.' ... The advisory panel's recommendation 7.4 that deals with this matter is, regrettably, insufficient to deal with the problems encountered by our members and by the foreign investors with whom they deal.

"Canada currently defines taxable Canadian property to include shares of a private corporation resident in Canada. At the same time, Canada's tax treaties cede taxing jurisdiction to the country where the non-resident vendor is resident, provided the shares do not derive their value principally from real property. Based on the large number of tax treaties Canada has concluded, it appears that Canada is prepared to exempt from taxation all gains realized by non-residents, other than the gains from the disposition of real property.

"In light of this treaty ... we believe that Canada should adopt a broader exemption in its domestic law to exempt gains realized by non-residents other than those arising from the disposition of real property.

"We see little benefit in providing the exemption only on a bilateral basis. The benefit of a broader exemption is that it would make Canada a more attractive destination for equity investments by non-residents and, in particular, venture capital and private equity funds. A broader exemption would also reduce a significant compliance burden that acts as an impediment to foreign direct investment in Canada. Unfortunately, recently enacted changes regarding the section 116 clearance certificate process did not address the issue and are unlikely to reduce the number of situations involving arm's-length transactions in which clearance certificates are obtained. We recommend amending the definition of taxable Canadian property so as not to include the shares of a private corporation resident in Canada other than when such shares derive their value principally from real property in Canada." I guess they're just, on that whole point there, looking for you to do some lobbying with your federal counterpart.

"This proposed solution would put an end to the onerous section 116 compliance requirements (except for real property), should not result in any significant tax revenue loss and would mirror the practices of most leading international jurisdictions.

"We would strongly urge Ontario to continue to press the federal government to remove the section 116 obstacles to foreign investment."

Finally, under the heading "Encouraging Angel Investing":

"Although it is not within the CVCA's mandate, we recognize the important role that angel investors play in our ecosystem. Although the CVCA has not taken a formal position on the topic, I will note that one half of

US state governments have adopted some sort of 'angel tax credit' to stimulate the creation of start-ups.

"In closing, the strength of our venture capital industry has a direct impact on Canada's economic health as well as the financial well-being of millions of Ontarians. At the CVCA, we take this responsibility very seriously."

It goes on to say you can contact Gregory Smith, president, or the executive director—they would like to meet with the Premier. It has been c.c.'d to you and Dwight Duncan.

As they've noted, and as you noted in your remarks—you noted that you brought in the emerging technologies fund at about the same time this letter was written, I guess in March, to try to address some access to venture capital. How does that work? Does it work the same way as the Ontario venture capital fund or the Ontario fund? What are we talking about?

Hon. John Milloy: You've raised some very important points about access to venture capital, and the letter you read into the record obviously touches on different levels of government. I will point out that the CVCA, both in that letter and in other publications, has been very supportive of our fund of funds, as we call it, the Ontario venture capital fund, which helps grow venture capital funds which in turn invest.

The Ontario emerging technologies fund, which we announced around that time and that came into being at the end of July, works slightly differently. It's \$250 million over five years. What we do is make co-investments. In other words, we reach out to the venture capital community. We, in a sense, pre-approve a venture capital list, a VC who wants to come forward, saying that after they've done the due diligence, they're in a position to recommend investments. Once they have this pre-approval, they bring forward an investment. Again, after suitable due diligence, we co-invest with them. What it does is give them the lead. They're the ones with the expertise; they're the ones out in the marketplace; they're the ones who are taking the risks, so to speak. In a sense, we're benefiting from their expertise and they're benefiting from this pool of cash. I believe this goes a long way to meeting some of the concerns that were raised in the letter you read into the record.

I would also note, on this whole issue around section 116, understanding that the Premier has written to the Prime Minister on that to raise some of the concerns that were put forward there.

Mr. Chair, I'm sensing I may be out of time on this round, or do we have another minute or two?

The Vice-Chair (Mr. Garfield Dunlop): You've got three or four minutes. I'm just more concerned about the construction equipment than anything else.

Hon. John Milloy: Well, we're building Ontario here. But if I can also, with your permission, Mr. Wilson, ask my deputy to speak in a little more technical detail on some of the other points raised in the letter you read.

Mr. George Ross: First, I would observe that we've been working very closely with the CVCA in the development of all of our venture initiatives. In terms of

context, when it comes to the issue of access to capital and venture financing in Ontario entrepreneurs and their companies, I think it's important for us to set some context. Back at the beginning of our work on development of the Ontario innovation agenda, one of the key issues facing the province was lack of capital. I think it is fair to say that venture capital financing and fundraising were going to all-time lows. We saw that there was a series of issues causing that, not the least of which was lack of returns in historical funds that had been working in Canada.

The ministry set about, in a very principled way, to address some of these issues. As part of our innovation agenda, with the advice of experts, including the CVCA, we developed a three-part plan when it comes to venture capital. The first part was to see seed-stage financing. This is usually financing at an amount lower than \$1 million. It's critical to the start-up and first-round financing of companies put in place. As a result of that, the government put in place the accelerator fund, which is a \$29-million fund focused on investment directly in seed-stage companies. That program is being delivered quite successfully by the OCE and MaRS as a partnership. That was the first part of our program.

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The second part, as Mr. Wilson pointed out, was the Ontario venture capital fund, the OVCF. The target here was to really attract institutional investors, large pension funds and financial institutions back into venture capital financing. They had been moving out of that sector for some time.

Our Ontario venture capital fund was set up as a limited partnership with a number of other partners; \$90 million was invested by government, and that has been levered up to \$205 million. That fund is up and running now and it is making commitments to underlying venture capital funds. In many cases, those are lead investments, so these are the first commitments that some of these funds are getting as they're doing the rounds in raising funds for investment.

As we were doing this work in establishing our venture capital program, the economic situation in the province—and globally, in fact—changed. It became very evident to us that some of our more mature innovative companies were also struggling in raising capital, not just seed-stage companies. As a result, the government put in the emerging technologies fund. This is a fund that is really modelled after the best practice in co-investment funds. That is targeted at getting money directly into companies. Our principled approach in that program is really to follow smart money that's coming from the market. We will follow investment from venture capital funds that are already considering investment, and those funds that we will co-invest with have to be pre-qualified by us. So there will be a very high standard that will be applied to who we invest with and the types of projects that we invest in.

The Vice-Chair (Mr. Garfield Dunlop): That pretty well cleans up Mr. Wilson's time, the official opposition.

The third party, Mr. Bisson. We'll do 20 minutes of your time now and adjourn at 10:20 to go down to the House for question period. Okay?

Mr. Gilles Bisson: Sure.

The Vice-Chair (Mr. Garfield Dunlop): Go ahead.

Mr. Gilles Bisson: I just want to say upfront that I too, along with most people, agree that Ontario needs to do much more when it comes to positioning our economy for the future. We're fortunate in Ontario, but being fortunate is also part of what is going to be part of the problem in the future. Ontario was situated just absolutely perfectly when it came to the North American economy vis-à-vis the United States. We had the natural resources, we had the manufacturing base, we had the low electricity and we had the largest trading partner to the south, which, in the old economy, worked quite well. We were seen as the industrial heartland of Canada. Southern Ontario specifically benefited greatly when it came to jobs in the manufacturing sector that blossomed in places like Oshawa and Toronto and Hamilton and others. Northern Ontario, obviously, because of its natural resources, did quite well.

The difficulty now, as we all know, is that the economy is changing. Unfortunately or fortunately, depending on what side of the medal you find yourself on—I say, unfortunately—we see a lot of our manufacturing jobs being exported, not only here in Canada but in the United States, to Third World countries. Larger manufacturers have decided, for economic reasons, that it's far better to pay a worker in China or India or wherever it might be less money—I wouldn't say China; China has their own companies—but far better for them to manufacture in areas that have lower wages. I tend to think that's wrong, but such is the case that we're seeing tens of thousands of jobs being exported into Mexico and to other countries on the Pacific Rim that fare a lot worse for workers across the world.

So what do we do? That's really the question. The challenge is, can Ontario stand alone against globalization? I don't think we can; I've said that for a long time. Do we need to embrace it? Probably not, but there are certain things that we can do to position ourselves so that we are in a better position when it comes to how we as an economy compete against those other economies of the world and North America. I think the work that your ministry does is one of the key things that needs to be done as far as how we position ourselves in the future.

My questions to you are going to be a bit looking in the past as far as the existing industry—because I really believe that you can't forget the larger companies out there that exist in Ontario, that have been here for a lot of years and that are fighting and struggling to stay alive as they transition into the new economy. So I'm going to ask questions specifically about some of those.

I want to also talk in regard to what your ministry is going to be doing or what it is doing when it comes to the natural resources sector. I don't need to tell you—you know as well as I do—that mining is doing fairly okay now because of commodity prices. Gold, at almost

\$1,000 an ounce, is a pretty good cure for most needs to find investment and accelerate projects in places like Timmins and others, but certainly the forestry sector has really taken a shellacking over the last six years or so. As a result, we've seen about two thirds of that industry shut down, to where communities across the north have lost, in many cases, their only employers. I want to talk to you a little bit about what your ministry has or has not done and what they should be doing in order to assist that. So that's sort of the gist of where I am coming from, but I just want you to know upfront that I believe that your ministry can play a key role because it is part of what needs to happen in order to transition us to this new economy.

I guess the first thing I want to talk to you about is something your deputy mentioned earlier on, and that's the emerging technologies fund. The forest industry is obviously an important industry to Ontario—tens of thousands of jobs directly and tens of thousands of jobs indirectly. It's a fairly efficient industry. I don't want to give anybody the impression here all of a sudden that we're still working in the technologies of the 1950s and 1960s and we somehow have got to get up with the world. In many ways, the Ontario forest industry is light-years ahead of others when it comes to how it utilizes the processes of both harvesting timber and processing timber into some finished product. I guess my first question to you is, do you have any specific examples of where your ministry has dealt with companies such as Weyerhaeuser, Tembec or Buchanan or whatever when it comes to helping them position themselves into new markets and new technologies in their production facilities?

Hon. John Milloy: Sure. I'll just point out that although we have a number of different funds that we can speak about in terms of their relationship with companies in the natural resource section, the emerging technologies fund is an arm's-length venture capital fund, so in a sense we're looking for the venture capital community to come to us with investments that move forward. Just to give a bit of a response to your overview, one of the whole roles of the Ministry of Research and Innovation is to try to create a continuum—I like using that health phrase—of work where, on the one end, we're investing in pure research, in top-of-the-line, world-class research which is going to lead to discoveries which in turn could be commercialized; we support the commercialization through to companies that are trying to kind of get over the hurdle and get to market; and then, finally, through companies that are up and running that are looking to go through a transition. Much of the work we do, of course, complements what goes on in other ministries. I'm not here today, in any way, to suggest that we're the full economic range; obviously, my colleague in the Ministry of Economic Development and Trade plays a very important role.

You mentioned the north; you mentioned the forestry industry. I think you're aware—and I mentioned in my remarks about CRIBE, which was recently set up in the Thunder Bay area and is just one response to some of the

things that are going on. I'll ask my deputy or others to—you're asking about some specific companies, but also to comment on the industry itself, the forestry industry.

Mr. George Ross: Mr. Bisson, my first response to your question has to do with our agenda overall. The ability of our industries, whether they're existing industries, large industries, or new, start-up-type companies, to compete on a global stage has to do with their ability to rapidly innovate and to increase productivity through our research and development. So the focus of our work, whether it's in funding research projects where there are industrial partners or whether it's investing in innovative small companies, is all about allowing those companies to get access to new and rapidly changing global markets. I think it is fair to say that when it comes to the forest industry, a lot of the challenges that have faced that industry have to do with changing global markets. The ability for those companies to continue to compete on a global stage, as they have in the past, will really reside in their ability to innovate.

We in the ministry do focus on the bio-economy and clean technologies as one of our focus areas. The innovation agenda that has been established spoke to the need to have some focus to the activities of the ministry, and the bio-economy is one of those areas. The way we came to that particular focus area had a lot to do with the natural attributes of the province. We do have a sustainably managed boreal forest that has particular technical attributes to the fibre that comes from it that makes it really well-positioned for not only the high-quality paper and lumber products but also for new types of materials. So when you decompose that fibre into its molecular structure, there are great opportunities for the use of that fibre into different types of industries altogether.

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There's an organization called the Ontario BioAuto Council that we support, along with the Ministry of Agriculture, Food and Rural Affairs. Its whole focus is really trying to take bio-based materials and translate those into new manufacturing products for the automotive industry and other industries as well.

With respect to working with specific companies, the Centre for Research and Innovation in the Bioeconomy which is now up and running has had discussions with AbitibiBowater in Thunder Bay around the establishment of a pilot biorefinery. Obviously that company is going through some challenges right now, but those discussions continue. That company sees the benefits of exploring new products and value chains for their future, and we will continue to have those kinds of discussions. A pilot biorefinery like the one we're talking about in Thunder Bay would allow small entrepreneurs and big companies like AbitibiBowater to test new products and demonstrate those products on a commercial scale.

So, there is some great promise in using that northern boreal forest fibre to develop new products. There will be increasingly global markets that will be in place to demand that product.

Mr. Gilles Bisson: Thank you for your talk, but I was asking: What specific initiatives can you point to in your

ministry that point to work that's being done with industry as it is now in regard to emergency technologies or any type of assistance? Are you working with anybody in northern Ontario?

Hon. John Milloy: You mean with the forestry industry?

Mr. Gilles Bisson: Yes, that was the question.

Hon. John Milloy: The one that comes to mind right away is CRIBE, as the ministry pointed out. The origins of CRIBE—it was announced that we were going ahead with it as a result, I believe, of an election commitment. A task force was created in May 2008 to provide advice and recommendations. The final report came in in December 2008. We had an interim CEO, and on August 6, 2009, the first general meeting was held in Thunder Bay. Part of the CRIBE mandate is to work with the forestry industry. As the deputy mentioned, the discussions that are going on right on with AbitibiBowater—

Mr. Gilles Bisson: I see some activity within your staff, but I again come back to the question: What specific examples do you have of work that you're doing with individual forestry companies in northern Ontario other than the initiative under CRIBE? Have you been working with Weyerhaeuser, Tembec, Buchanan? Which ones are you working with, because it's fairly important.

Mr. George Ross: We can follow up, Mr. Bisson, with other companies that we've had direct contact with. I don't have the information directly available right now.

Mr. Gilles Bisson: Have either you as the deputy or the minister had any discussions with the industry directly?

Mr. George Ross: We work closely also with the Ministry of Natural Resources and the Ministry of Northern Development, Mines and Forestry and their work in supporting the forest industry as well. So the mandate of MRI cuts across all of government.

Mr. Gilles Bisson: I understand. Northern development plays a more direct role, but my question is: Have you met with forest industry representatives, either yourself as the deputy or the minister, in the last 12 months? Have you?

Hon. John Milloy: I've only been minister for two months, so I could get you information on the—

Mr. Gilles Bisson: That's why I'm asking. Have you, in two months? Let's start with you, Minister.

Hon. John Milloy: No, I have not.

Mr. Gilles Bisson: And the deputy?

Mr. George Ross: I have had some meetings with forest industry representatives. I don't recall the exact ones. In the development of the CRIBE initiative in Thunder Bay we're working very closely with FPInnovations, which is the industry R and D group that really represents industry R and D right across the range of sawmilling and pulp and paper. I don't recall specific meetings with the forest industry, but we've certainly been very active with their R and D association.

Mr. Gilles Bisson: That's normally the answer I would give as a politician if I—anyway, that's a whole other story.

Can you, then, provide me with whatever contact your ministry has had with the industry over the last 12 months? I don't need specifics, but just: What percentage of your business do you do in your ministry that relates to the forest industry? Specific programs when it comes to assisting that industry: Are there any particular initiatives that you can point to that have assisted in funding new technologies to assist with the production means of those companies?

Hon. John Milloy: Again, just two comments. If I can go back to the earlier one: The ministry works directly with companies through various programming but we also have, as I outlined in my opening remarks, a network of research organizations etc., community support or economic support organizations, which we fund. Part of the work that's going on right now is to bring a little more coherence to it.

When you're talking about contact with the forestry industry, we also would have indirect contact through these bodies that we fund. MaRS was mentioned, and OCE, but we also have more regional bodies—

Mr. Gilles Bisson: Do you deal with the OFIA at all?

Hon. John Milloy: Again, I'll turn to my deputy for specifics.

Mr. George Ross: The connection with that element of the industry is not in our mandate. That's a question best directed to Northern Development, Mines and Forestry.

Mr. Gilles Bisson: But clearly, your ministry is responsible for spearheading innovation when it comes to how our industry operates. Would you first of all agree that forestry is an important industry in Ontario?

Hon. John Milloy: Of course forestry is. And as I said—

Mr. Gilles Bisson: Okay, and if that's the case, what percentage of the work are you doing vis-à-vis the forest industry?

Hon. John Milloy: As I say, we can get you more specifics but—

Mr. Gilles Bisson: It sounds like, to me, not a heck of a lot. I'm not trying to be mean to you here, but there's an extreme amount of frustration in communities across the north that have seen their only employer shut down—places like Smooth Rock Falls and others—and they see a lack of response on the part of this government and the federal government vis-à-vis their situation. I'm just trying to point out that there is an economy in northern Ontario that is important to the rest of this province. Forestry: Although today it's having some difficulties, one day it's going to rebound. I think that your ministry has to help in putting forward the support that they need in order to position themselves for the new economy that's going to ensue after this recession is over.

I'm a little bit taken aback at the lack of contact that your ministry has had with that industry. To say it's MNR and it's NDMF—yes, I understand, they're important ministries and are line ministries to that industry. But it doesn't leave you off the hook. I just would ask you, in

your work as a minister and as a deputy, and the rest of your staff, to pay that industry a little bit more attention.

Let me give you a little bit of a sense of part of the difficulty. Your deputy talked about biotechnologies in regard to the initiative in Thunder Bay, which is a good thing; I support that, and that's a great initiative. But there are others out there that are trying to get projects off the ground. You've got Villeneuve Construction, which is trying to get a biomass plant started up in Hearst. They have access to the fibre; they have access to the capital. You know what their problem is? The province. They can't get access to the ground because ORC will not deal with them when it comes to making sure that the land that is necessary for them to get access to that fibre is made available. The bureaucracy of what they have to go through to get access is just phenomenal: one year trying to work with ORC, through this province, in order to get access to that fibre, and they're no closer today than they were a year ago.

I have Smooth Rock Falls, where five investors have come together with \$47 million in order to start a biomass project in Thunder Bay in Smooth Rock Falls. Again, what's the issue? They need to get access to timber. Where the heck is this government in order to give access? Nowhere. We're able to cut trees and send them off to Quebec, or leave them standing in the forest, but we're not allowed to provide an adequate amount of timber for those particular new technologies.

So if this government is saying, "We need to position ourselves in the new technologies, in the new markets," we're not doing a pretty darned good job of making that happen.

Will I get a chance a little bit later, Mr. Chair? Because I think that I'm out of time.

The Vice-Chair (Mr. Garfield Dunlop): You've got about another three minutes.

Mr. Gilles Bisson: I'll give him three minutes to respond.

Hon. John Milloy: Can I respond?

The Vice-Chair (Mr. Garfield Dunlop): Please respond.

Hon. John Milloy: Mr. Bisson, I hear what you're saying. Is there always more to do? There is. But I think the way you've dismissed CRIBE and said, "Well, that's fine"—CRIBE was a pretty major initiative which has forestry as one of its centrepieces.

I also mentioned the fact that we have a network of organizations, if I can use that term, which are partnered with MRI. The regional innovation network, RIN—that's one form of these organizations—for Ontario North currently includes research at Lakehead University, Great Lakes Forestry Centre with the Canadian Forestry Service in Sault Ste. Marie, and the Ontario Ministry of Natural Resources, Sault Ste. Marie, as well as private companies with a focus on energy, fibre and chemicals in these and other northern locations. There's an example of RIN, which is a partner organization, which we helped fund, which is out there doing the type of research and work that's needed.

As I say, I obviously take everyone's point: There's more work that needs to be done. But at the same time, there are two examples where we are active in the north, and we'll certainly endeavour to give you more. Everything from pure research through to the continuum: It's going forward.

The Vice-Chair (Mr. Garfield Dunlop): Have you've got a quick question there?

Mr. Gilles Bisson: No, I think the deputy was going to respond to—

The Vice-Chair (Mr. Garfield Dunlop): Oh, I'm sorry. Mr. Ross?

Mr. George Ross: I was just going to follow up. We haven't made direct investments in the large existing forest industry, but over the life of the Ministry of Research and Innovation there has been some \$25 million that has gone into projects in northern Ontario. So this is everything from early researcher awards to money that goes through the centres of excellence and has had benefit in northern Ontario. Many of these investments are investments in people and research activities that will have benefit for the forest industry and other industries that are resident in northern Ontario.

The Vice-Chair (Mr. Garfield Dunlop): I think we'll recess now until 3:30 this afternoon, after routine proceedings. For the members of the subcommittee, if they could meet after question period in the west lobby, okay?

So with that, we'll recess until this afternoon. Thank you.

The committee recessed from 1020 to 1538.

ELECTION OF CHAIR

The Clerk pro tem (Mr. William Short): Good afternoon, honourable members. It is my duty to call upon you to elect a Chair. Are there any nominations?

Mr. Reza Moridi: May I nominate Mr. Garfield Dunlop as Chair of this committee?

The Clerk pro tem (Mr. William Short): Mr. Dunlop, do you accept the nomination?

Mr. Garfield Dunlop: Yes, I do.

The Clerk pro tem (Mr. William Short): Are there any further nominations?

Mr. Gilles Bisson: I nominate Bob Bailey.

The Clerk pro tem (Mr. William Short): Do you accept the nomination as Chair?

Mr. Robert Bailey: I'll decline at this time, but thank my nominator.

The Clerk pro tem (Mr. William Short): Any further nominations? Seeing none, I declare the nominations closed and Mr. Dunlop elected Chair of the committee.

Mr. Garfield Dunlop: Thank you very much.

ELECTION OF VICE-CHAIR

The Chair (Mr. Garfield Dunlop): Thank you very much, everyone. Good afternoon, honourable members. It is my duty to call upon you to elect a Vice-Chair now. Are there any nominations?

Mr. Jim Wilson: Mr. Chairman, I would like to nominate Mr. Bob Bailey as Vice-Chair of the committee.

The Chair (Mr. Garfield Dunlop): Any further nominations?

Mr. Gilles Bisson: I want to second that.

The Chair (Mr. Garfield Dunlop): There being no further nominations, I declare the nominations closed and Mr. Bob Bailey elected Vice-Chair of the committee. Thank you very much, Bob.

Mr. Robert Bailey: Thank you, Mr. Chair.

The Chair (Mr. Garfield Dunlop): Imagine if the elections were this easy, eh?

APPOINTMENT OF SUBCOMMITTEE

The Chair (Mr. Garfield Dunlop): Mr. Moridi, have you got a resolution on appointment of the subcommittee?

Mr. Reza Moridi: I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or at the request of any member thereof, to consider and report to the committee on the business of the committee;

That the presence of all members of the subcommittee is necessary to constitute a meeting; and

That the subcommittee be composed of the following members: the Chair as Chair; Mr. Delaney, Mr. O'Toole and Mr. Bisson; and that substitution be permitted on the subcommittee.

The Chair (Mr. Garfield Dunlop): We've heard this motion as moved by Mr. Moridi. Mr. Moridi has moved that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or at the request of any member thereof, to consider and report to the committee on the business of the committee—

Mr. Gilles Bisson: Dispense.

The Chair (Mr. Garfield Dunlop): All right. Any discussion or comments? If none, all those in favour of the motion? That's carried, and there's nobody opposed.

SUBCOMMITTEE REPORT

The Chair (Mr. Garfield Dunlop): Now we have a report of the subcommittee from this morning.

Mr. Gilles Bisson: Mr. Chair, the subcommittee met earlier today, and we have the following three items:

(1) That if the Minister of Municipal Affairs and Housing is not able to appear before the committee on Wednesday, September 30, 2009, the deputy minister or the parliamentary assistant shall attend the meeting on his behalf.

(2) That the Minister of Economic Development and Trade be requested to appear before the committee on the first Tuesday during the consideration of the 2009-10 estimates of the Ministry of Small Business and Consumer Services.

(3) That the Minister of Consumer Services be requested to appear before the committee for the remainder of the committee consideration of the 2009-10 estimates

of the Ministry of Small Business and Consumer Services.

The Chair (Mr. Garfield Dunlop): You've all heard that report of the subcommittee. Are there any questions or comments? All those in favour? That's carried.

MINISTRY OF RESEARCH AND INNOVATION

MINISTÈRE DE LA RECHERCHE ET DE L'INNOVATION

The Chair (Mr. Garfield Dunlop): Minister, thank you very much for appearing again. We'll convene with the Ministry of Research and Innovation. Mr. Bisson, you have 10 minutes left in your first 30-minute rotation.

Mr. Gilles Bisson: Okay. Just to pick up where I left off, what I was trying to get to earlier in our questioning was that obviously this ministry can play a fairly key role in being able to shape where Ontario's economy's going to go in the future. We all know that the economy not only in Ontario but across the world is changing and that we need to be able to position Ontario and its manufacturing and resource sectors in such a way that we are able to take advantage of every possible opportunity by way of new technologies, new markets, etc. I think this ministry can play a fairly significant role in helping to shape where Ontario's going to be not just next year but 10, 20, 30 years from now.

What I was trying to get at was that it seems from the vantage point of many people in northern Ontario that the emphasis is always on basically industries other than the natural resource industries that we have in northern Ontario. I was a bit—I wasn't taken aback. Quite frankly, I wasn't surprised at all that one of the things that I was asking was just how much time this ministry spends with one of the key sectors in this province, which is the forestry sector. There's been some contact. I don't want to say there's none—that would be unfair—but clearly it's not the front-and-centre issue for the ministry or the government.

I just want to say before I go to the next part that I really think that's a disservice not only to the industry but to Ontario. The agricultural sector, the manufacturing sector, the resource sectors, pharmaceuticals and others are all important components of the Ontario economy, and I think that somehow or other we need to figure out how it is that we can spend the amount of time, money and resources in order to do all that we can in this province to make sure that those sectors are strong and moving in the right direction when it comes to how to position themselves as far as what key investments need to be made in order to take advantage of whatever new technologies or new markets may be available.

Just so that you know, Minister, and you know because you're in this committee, the first 30 minutes give us an opportunity for you as minister to tell your story about what you believe your ministry is doing and should be doing, and us in the opposition to talk about

what we think we need to do. What I want to do in these last few minutes is just to tell you a little bit about a couple of instances that are happening in my part of the world that really are frustrating people. I'm not going to put all of the blame on your doorstep because that would be unfair. It's not all of your doing. Obviously, there's enough blame to go around and some of that our own. I'll just give you a couple of examples.

In the community of Hearst, it was known as one of the strongest—I'm going to say this in French, because les citoyens de cette partie-là du comté sont francophones et ils ont le droit de savoir que leur député va s'adresser à eux en français.

La communauté de Hearst a toujours été une communauté où l'industrie forestière était primordiale. On a eu dans cette communauté des employeurs tels que Tembec, Weyerhaeuser, Levesque Plywood, Lecours Lumber, et j'en passe, qui ont été vraiment la partie clé de l'économie de la région de Hearst.

Hearst, comme toutes les autres communautés dans le nord de l'Ontario, a été affectée de manière très négative avec les changements dans les marchés dont vous avez parlé plus tôt, et on voit à cette heure que beaucoup de ses entreprises sont soit fermées, soit beaucoup réduites en opération quand ça vient aux chiffres bruts qu'elles sont capables de produire chaque année. Cela veut dire qu'il y a beaucoup de mises à pied.

Ce qui arrive, c'est que le gouvernement a bien dit, « On veut que les communautés regardent d'autres opportunités, pas seulement l'industrie primaire elle-même, dans la manière qu'elle allait, mais quels autres marchés sont disponibles? » Et l'une des affaires dont on parle, c'est la biomasse. Il y a une bonne opportunité d'avancer des projets très intéressants quand ça vient aux investissements dans le nord de l'Ontario et pour les emplois en regardant la biomasse à Hearst, à Constance Lake, Opasatika, Smooth Rock Falls, et j'en passe—en la regardant sérieusement et en mettant en place des programmes de biomasse.

La situation à Hearst est pas mal intéressante parce qu'on a à Hearst présentement un entrepreneur M. Villeneuve, à qui appartient une compagnie avec des chiffres assez importants dans la région. Il est préparé à investir son argent avec quelqu'un d'autre—50/50—pour mettre en place une industrie de biomasse directement à Hearst. Alors, ce n'est pas une question qu'ils vont vous voir pour vous demander de l'argent. Il est possible qu'ils vont aller vous voir à un point, mais eux autres sont préparés à mettre leur argent dans ce projet-là.

Ils ont dépensé assez d'argent, un montant assez considérable, pour aller investir directement avec quelqu'un qui connaît ce marché, quelqu'un qui a fait ces travaux et qui comprend comment cette industrie-là marche et quoi faire pour la faire rentable. Ils ont les matières premières. On sait qu'il y avait le vieux BioShell qui était directement à Hearst avant et qui a beaucoup de biomasse qui pourra durer sept ou huit ans pour la production de cette usine. Et dans la région, il y a d'autres biomasses qui sont disponibles.

Le problème, simplement dit : la propriété à laquelle ils ont besoin d'accéder pour commencer ce projet-là a déjà appartenue à Levesque Lumber. Quand ils ont fait faillite, le terrain était repris par la Couronne, parce qu'il y avait des taxes qui n'avaient pas été payées. Et le problème, c'est qu'ils ont besoin d'avoir la permission afin d'accéder à ce terrain. Ça fait au-dessus d'un an qu'ils essaient de « dealer » avec la province à travers l'ORG pour avoir les permissions nécessaires d'avoir accès au terrain et d'aller en avant pour bâtir cette usine et commencer ce projet.

Ils sont complètement frustrés. Je les ai rencontrés dernièrement, et c'est une histoire qu'on entend assez souvent, à beaucoup de reprises : on a un investisseur qui est préparé à commencer un projet. On ne demande que le gouvernement nous donne rien; ce qu'on demande, c'est qu'ils nous permettent de faire ce qu'il y a à faire. Le ministère dans ce cas-ci, qui est responsable de l'ORG, se traîne les pattes et ne donne pas l'opportunité d'avoir accès à ce terrain. Ça va possiblement faire fuir les investissements et les investisseurs qui sont en place.

On se trouve très frustré quand on entend, d'un bord, le gouvernement qui dit, « Allez faire votre ouvrage et organisez-vous pour entrer dans cette industrie de biomasse », et on a quelqu'un qui est préparé à le faire; on est frustré par le processus qui a été adopté par la province.

J'ai combien de temps, just so I know?

The Chair (Mr. Garfield Dunlop): Six minutes and 35 seconds.

Mr. Gilles Bisson: Six minutes? Oh, not bad. I still have time.

The Chair (Mr. Garfield Dunlop): I'm sorry; four minutes.

M. Gilles Bisson: Donc, dans le cas de Hearst, on a quelqu'un qui est préparé à faire les investissements, de faire ce qu'il y a à faire. Le problème, c'est la province.

Sur l'autre bord, we have the community of Smooth Rock Falls. The Tembec pulp mill was in Smooth Rock Falls. It operated for many years in Iroquois Falls. It was originally the Abitibi pulp mill. It was eventually bought by Malette Lumber and eventually went over to Tembec when it was sold off. They shut down two years ago. The same story: The government said, "Pulp mills aren't doing too well; markets are bad. What can we do to help you?"

Give the government some credit. I'm not one to come here and to say at every occasion that the government's always wrong, because governments do do some things, at times, that are positive, as your government did in this case. They provided the municipalities with, I believe, about \$300,000 in order to help them make the transition so that they can hire consultants and look at what's possible in using that old site where the pulp mill was in order to start something else.

They came up with two possibilities: one was a cedar mill, and the other one, in this case, is a biomass plant. The cedar mill—I'm not going to get into that story as I

don't have the time, but I want to talk about the latest one.

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The community went out and they raised \$47 million. They got five investors to put money up, they formed a co-operative of investors—private sector investors—who put up \$47 million as the money needed for them to secure the credit and everything else that they need in order to be able to start up this particular plant. The problem, simply put, is twofold. The most important one is access to fibre. The community needs, for this project to go forward, to have an allocation of timber from the crown forest that surrounds it. There were 700,000 cubic metres of wood that used to be tied to that community at the Abitibi mill, the Tembec mill, and the community feels and I feel that they should have access to that fibre because those licences and those permits were given to operate a mill in Smooth Rock Falls. What happens? The government says “Go deal with Tembec. Do a business-to-business relationship in order to get access to the fibre.” Well, if I’m Tembec, I’m not in the business of trying to help my competitors; that’s not what I’m in the business for. I understand why Tembec is somewhat reluctant to provide fibre. But that’s why the province is there and that’s why these are crown forests.

The Chair (Mr. Garfield Dunlop): One minute, Mr. Bisson.

Mr. Gilles Bisson: Yeah. So they’ve got to the ministry and they’ve gone to the ministers responsible, both Cansfield and Gravelle, to say, “We need you to help us secure an access to fibre so that we can get this plant up and running.” We’ve been going at this for some time now, but I can tell you they’re extremely frustrated. On the one hand, the government says, “Yes, we want Tembec to give them wood,” but they’re not prepared to utilize their authority as the crown in order to make sure that allocation happens. There’s a distinct possibility at this point as we speak today that that \$47 million is going to fall off the table, and that’s a crying shame because here you’ve got a community that’s done what it had to do. They’ve raised the money and they’re able to go forward. What’s missing is the co-operation of the provincial government. Now, not your ministry in this case—it’s somewhat related—but certainly to God the crown has to use its responsibility in making sure that there is an ability to allocate timber off of our crown forests.

So I just want to say as we open these estimates, there’s a lot of frustration out there. People understand the economy has changed. People don’t like it but they accept it and they know that they’ve got to change with it. But when you’re trying to go through the change and you’re not getting the support from your provincial or federal governments to make that happen, it’s a very frustrating process and at the end of the day people get pretty discouraged through the whole process. So through these estimates I want to ask you some specific questions around some of that, and we’ll come back to that when it’s my turn.

The Chair (Mr. Garfield Dunlop): Okay. Well that’s great then. Thank you very much to Mr. Bisson and now the minister has 30 minutes to respond.

Hon. John Milloy: Thirty minutes?

The Chair (Mr. Garfield Dunlop): Yes.

Hon. John Milloy: Oh, okay.

The Chair (Mr. Garfield Dunlop): But you can have your—

Mr. Gilles Bisson: You can use questions from the government too.

The Chair (Mr. Garfield Dunlop): Yes, questions can come from your government members too.

Hon. John Milloy: Thank you very much, Mr. Chair, and congratulations on your election to the post.

I want to begin my response in really picking up the points that were raised by Mr. Bisson. I think all of us recognize the passion in which he speaks of the north and the concern for the forestry industry. Obviously, he’s raised a number of concerns related to communities in his constituency that are struggling as the forest industry goes through quite an unprecedented transition at the moment.

The nature, though, of the way our government has these various divisions between ministries—and he raised this himself in his comments—is that to speak to the forest industry as a whole involves a number of different ministries. Obviously the lead on that is my colleague the Minister of Northern Development, Mines and Forestry, that responsibility having been transferred over to him just several months ago. At the same time, there’s work that’s done by the Ministry of Finance and the Ministry of Economic Development and Trade. I just say at the outset that some of the specific cases that he raised, when we’re talking about the Ontario Realty Corp., when he’s talking about natural resources, and later when it was transferred over to northern development—I obviously can’t talk about those issues. I’m not the minister responsible and there will be other opportunities for them to speak.

One of the frustrations of this process is that when you have a topic that touches on different ministries, unless you want to have a process where we all come—and maybe we want to see that at some point, specific hearings on an area—we can only talk about how our ministry relates to an industry like forestry. I’d say that the way we relate to industries like forestry, like mining, which are so important to the north, tends to be looking at the fact that they are going through a transition and tends to be very much tied to the research and innovation in terms of investing in initiatives which are going to help them in that transition and help them develop new technologies and new approaches.

I think, before we broke this morning for question period, that I raised the point about CRIBE and the fact that, although Mr. Bisson, in fairness, acknowledged CRIBE as being important, I felt that he dismissed it very quickly. In my response, I’d like to share with the committee a little bit more of what CRIBE is about because CRIBE is very much an attempt by the Ministry of

Research and Innovation to address this transition that's going on in the forestry industry. If I could give a bit of a description of its creation:

"The Centre for Research and Innovation in the Bio-Economy (CRIBE) in Thunder Bay will create new opportunities and high-paying jobs in this rapidly growing and cutting-edge sector of the forestry industry." I'm reading from a backgrounder that was issued to describe it. "CRIBE is an important part of Ontario's efforts to support growth in the bio-economy, replacing products now made with fossil fuels with those created from renewable resources.

"This centre will attract world-class researchers to northern Ontario and will work to develop the next generation of forestry products, including environmentally friendly substitutes for a range of materials used in Ontario's factories. CRIBE will focus on research, development and commercialization as it relates to the use of fibres, molecules and cellulose from Ontario forests for new products and processes such as resins and medicinal compounds. The centre will:

- focus on industry-led projects with clear market potential;

- feature strong linkages to research strengths across Ontario ...;

- leverage other program investments from the provincial government ...; and

- leverage other provincial infrastructure investments....

"The centre's R&D program is expected to research, develop and implement new technologies and/or processes, carry out pilot/demonstration projects and drive a new culture of innovation in the forestry sector."

As I mentioned, this was announced and a task force was set up to look at its implementation. The task force went out—I'll share this with the committee—to hold information sessions across the north, three in Thunder Bay and one each in Timmins, Sudbury and North Bay.

The question was asked this morning about contact with industry. I'd like to share with the committee that at each of these sessions, invitees included major forestry companies, for example, AbitibiBowater, Buchanan, Marathon Pulp, Grant Forest Products, smaller forestry-related companies and entrepreneurs. One of the Thunder Bay sessions was hosted by the Northwestern Ontario Forest Coalition. An invitation was extended to all of the coalition's members, which included representatives from the Northern Ontario Municipal Association, the Federation of Northern Ontario Municipalities, the Ontario Lumber Manufacturers' Association and the Nishnawbe Aski Development Fund. Approximately 100 people attended these sessions.

Further consultations were also made possible by the deputy's presentation of CRIBE during one of the consultations for the growth plan for northern Ontario. I think I mentioned this morning that the first inaugural meeting, if I can put it that way, was held just several weeks ago in Thunder Bay. My colleague Michael Gravelle, the Minister of Northern Development and

Mines and now forestry, represented the government at that time.

I just really want to put on the record the fact that in terms of our work in the forestry sector and in terms of new research and new products and new approaches, we have taken a leadership role. I hear your passion and I hear your concerns, but I do point out that there are other ministries that are perhaps dealing more with the industries on the day-to-day, just because of the nature of their mandate.

CRIBE is not the end of the story in terms of forestry. MRI has invested over \$7.4 million in 32 forestry-related projects since 2003 that will obviously have an impact in northern Ontario.

MRI has provided over \$1.9 million to a project investing in genomics approaches to mitigate fungal threats to crops at Trent University, which will have an impact on the forestry sector.

MRI is investing over \$2 million in the Centre for Plant Phenogenomics, based at the University of Toronto. This cutting-edge research facility will enable scientists to study plant traits at the molecular and cellular levels and improve the speed and commercialization by both the agricultural and forestry industries. The results will include healthier plants, improved crop management techniques and the development of new, renewable bio-products.

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The Ontario Research Fund's research infrastructure program, which I believe I referenced this morning, has made several investments in forestry-related projects. The green energy laboratory—I'll describe it: To help industry leaders find solutions to this challenge, Lakehead University established an innovative green energy laboratory. It will be a new and unique laboratory in northern Ontario, committed to research and development of advanced biomass conversion technologies for biofuels and value-added products.

MRI is investing \$200,000 in the laboratory for forest genomics at the University of Toronto. The proposed facility will enable the examination of the genetic circuitry encoded within a tree genome and determine the factors that affect adaptation to ever-changing environments. The expected results may have a profound effect on forestry, one of Canada's primary industries, as they'll be looking at issues affecting forest tree breeding, production and conservation.

Mr. Chair, again, I just wanted to put on the record some of the work that's being done in that area.

To follow up with that, I'd like to talk a bit about mining, and perhaps we'll be getting into mining. As we go through the questions, that may be a further topic, but just to put on the record some of the work that we've been doing in mining, obviously another industry very, very important to northern Ontario, MRI has provided over \$10.2 million to 18 mining-related projects since 2003 that will have an impact on northern Ontario.

Through the Ontario Research Fund's research excellence program, over \$8 million was provided in funding

to Laurentian University to undertake research to develop innovative methods for mining operations. This research will also examine how to improve the design and construction of underground excavations, the integrated planning, design and optimization of mine sites, and water and waste management. In addition to providing for safer and more productive mining in Ontario, the research will inform the development of deep repositories for nuclear waste and safer, more effective underground excavating in urban areas.

Through the Ontario Research Fund's research infrastructure program, over \$837,000 has been invested in seven mining-related projects. These include nearly \$50,000 to establish a laboratory for experimental petrology and ore deposits research at Laurentian University. The equipment to be purchased will be used to establish the laboratory for experimental petrology and ore deposits research at Laurentian University. It will consist of three complementary modules, each one with specific pressure range of use.

Over \$100,000 has been given to the marine minerals research laboratory at the University of Ottawa. Ontario is a global leader in mining exploration and development, including in the search for new mineral deposits on the ocean floor. In recent years, Ontario-based organizations have teamed up with partners from the United States and Germany to discover new deposits at active hydrothermal vents in oceans near Iceland, Papua New Guinea, New Zealand, Tonga and Antarctica. Working with equipment purchased with an Ontario Research Fund infrastructure award, researchers will advance this discovery and exploration. The proponent and his colleagues will create new geological and environmental models of marine mineral deposits, develop an inventory of the occurrence and distribution of metals and minerals in the marine environment, and develop the scientific and technical expertise necessary to explore and develop these resources.

Again, Mr. Chair, just an opportunity to put a little bit on the record about what's happening in both the forestry and mining sectors.

I just want to pick up on that, if I can share a little bit more on this issue of innovation and research in the province of Ontario. I think a misconception is that it's only about large communities like Toronto or my community of Waterloo region or Ottawa, which are sometimes held up as the hubs—very much the high-tech view of things. I just want to share with the committee and again put on the record some of the work that we're doing in other areas of the province and in other fields.

Agricultural innovation—very important, obviously, to the economy of this province. My ministry has committed \$2.5 million to support collaboration between the University of Western Ontario, the University of Guelph, the University of Waterloo and Stanton Farms.

Stanton Farms is one of the largest dairy farms in this country. Like most large, modern livestock operations, it produces a problematic by-product: manure. Nearby residents are not too happy about the odour. This is in the

community of Ilderton. As it decomposes, as members know, it gives off methane, a powerful greenhouse gas, and if the manure is spread on fields, there's obviously a risk of contamination of local wells. At the same time, large dairy farms need a supply of power—preferably clean power—to run a range of equipment.

Stanton has met all of these challenges with a single, innovative solution: a biodigester system that will turn manure and waste water into clean energy. This facility will get rid of the odour and take advantage of the methane gas to generate clean electricity—enough electricity, in fact, to power almost a third of the homes in the nearby town of Ilderton. Plus it will also produce a pathogen-free fertilizer that can be used to grow animal feed or other crops.

Even better, not only has this project solved a range of challenges at this particular farm, but it has created a solution to make all kinds of farms more efficient, a technology that Ontario can sell to the world.

It's exactly this kind of innovative thinking that our government is working to encourage across the province and across the economy.

I want to talk a little bit about manufacturing. Again, moving a little bit out of the usual places to talk about central Ontario: Earlier this morning I mentioned how Ontario support is helping auto parts manufacturer the Woodbridge Group develop greener auto parts, developing products made using plant seed oils instead of petroleum. I think it's a great example of how innovation is helping Ontario's parts manufacturers meet the rising demand for greener products.

I've also mentioned our innovation demonstration fund and its support for manufacturer 6N Silicon, a company that's producing the material needed to make solar panels. We're supporting another company through that program that's turning its expertise in solar energy into manufacturing jobs in Ontario. The company is Menova Energy, and they've developed a solar collector technology that takes advantage of a pretty simple principle: If you focus the sun's rays, you can get a lot of heat and energy.

Of course, sometimes developing the simplest of ideas actually takes a lot of talent and perseverance, and fortunately, Menova founder Dave Gerwing has both. His inspiration moment came when he got caught in an ice storm with his five-month-old son. In an interview in *Canadian Business*, he said, "Twelve days of no heat and power. It was a taste of life without electrons. For me, it was one of those epiphany moments. I was like: This could happen. At the time, I was working with engineers who had the basic skills that go into concentrators. So it all came together."

What came together is essentially a ring of curved mirrors attached to the necessary sensors and mechanisms to allow them to follow the sun, capturing and focusing its power. That makes it possible to harness the sun to heat, cool and generate the electricity needed for large buildings, like the 220,000-square-foot Walmart super-centre that will be built in Markham as part of the demonstration we're funding.

The really interesting part of this project is its partnership with a company called Woodbine Tool and Die. Woodbine's traditional customers are in the automotive sector, and business of course isn't what it once was. Enter Menova, which has created a partnership with Woodbine, a partnership that allowed Menova to very quickly have the manufacturing capacity it needed. For Woodbine and its workers, the partnership has provided a new customer and access to a new and growing market.

I want to talk a bit about eastern Ontario and the community of Cornwall. Of course, we have their representative here in the committee. Innovation is helping Cornwall rediscover water power. In the mid- to late 1800s, Cornwall emerged as a growing manufacturing centre. A big part of the reason was unlimited water power from the St. Lawrence River. Now, thanks to a demonstration project supported by Ontario, Cornwall may witness the beginning of a renaissance in this province's ability to harness power from our multitude of waterways.

The project, by Verdant Power, will generate electricity by harnessing the current of the St. Lawrence through underwater, damless turbines. They look a little like underwater windmills and rotate slowly enough to allow fish to pass through safely and with minimal impact on the environment.

It's an approach that could make it practical to utilize the estimated 2,000 megawatts of untapped water power potential in Ontario. That's enough potential clean power to supply a million and a half homes. The technology demonstration will generate about 20 jobs but the remarkable potential of the technology shows promise to create far more jobs in manufacturing and clean energy.

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I'm just putting on the record some examples of maybe going outside some of the traditional communities that come to mind, or traditional—what we might want to call high-tech. It's obviously very central to the province, but I think it's important to put on the record in response that we are very active throughout the province.

I just wanted to pick up some of the other comments that were made this morning in terms of accountability and in terms of how we work with the partners that we provide funding to and address the issue of jobs and their presence here in Ontario, because I think we all recognize that it's one thing to create jobs in Ontario but it's another thing to keep them there. When we talk about—as I did this morning—that our most important resource is talented people, they're obviously incredibly mobile. They can find job opportunities around the world and have the luxury of selecting the place that best supports their aspirations. And with them obviously goes the potential for new products, new companies and new jobs. The best way to address this challenge—perhaps the only way—is to make sure that Ontario is the best place in the world to innovate, and that means ensuring that this province has the talent, a supportive business climate and the right public policy to support innovation. As I outlined in my introductory remarks, that's exactly what the government is doing. We're investing to make sure

Ontario researchers have the resources they need to be the best in the world. We've introduced comprehensive tax reforms that, when implemented, will cut Ontario's marginal effective tax rate on new business investment in half. We've introduced two new programs that have helped increase the pool of capital available to invest in innovative companies by nearly half a billion dollars. We're attracting talent and investment to Ontario by raising our profile at global industry events, and we've created a comprehensive innovation agenda to ensure that Ontario can turn the talent and ambition of its people into new business and new jobs. These measures are not only making it easier for Ontarians to innovate in this province; they're also helping to attract new talent, retain that talent and attract new research.

I want to talk for a second about cancer research. I think I mentioned this morning about the Ontario Institute for Cancer Research's leadership in a global research program to unlock the genome of the 50 most common cancer tumours. It's that kind of talent that has also caught the attention of GE Healthcare. Hamilton was selected by GE Healthcare to be the first site in the world to receive new prototype technologies for use in a molecular breast-imaging research program. This cutting-edge technology has the potential to find very small tumours, leading to earlier detection and better outcomes for women with breast cancer. Hamilton researchers will design and lead clinical trials to evaluate the new technology, the first step on the road to moving this new tool into use by the medical community.

GE chose Hamilton because it combined the capabilities of organizations like the Ontario Institute for Cancer Research, the oncology and nuclear medicine programs at McMaster University and Hamilton Health Sciences, and the Hamilton-based Centre for Probe Development and Commercialization. It's a combination of talent and capabilities that they could only find in Ontario.

It's that kind of talent that's also helping to attract leading pharmaceutical companies like Sanofi Pasteur, Purdue Pharma and Pfizer, to expand their R and D facilities in Ontario. I mentioned our biopharmaceutical investment program—or BIP, as it's called—earlier. It provides funding to help companies expand their research facilities and take advantage of the incredible talent we have in this province to help to keep their businesses on the cutting edge.

While it does create an incentive to expand facilities in Ontario, the facilities would be useless without the talent to turn ideas into new approaches to treating and curing disease. It may be funding that creates the expansion, but it's the people who create the value.

While the McGuinty government's approach is to keep and attract jobs and investment in Ontario by ensuring that this province is one of the best places in the world to innovate, as I said earlier, we also take our responsibility to Ontario taxpayers very seriously. We know that we must make investments that create new jobs in Ontario, jobs across the province, jobs that have great potential to create more jobs. We know that taxpayers' money must

be directed at improving the quality of life for people in this province. That's why we've made jobs and investments in Ontario a significant part of the evaluation process for our programs that support technology commercialization. Companies have to show that they plan to create jobs here and that there is potential for growth.

In the case of our Ontario emerging technologies fund, where Ontario will be making investments directly into companies, we have built in protections to ensure that if a company we invest in leaves the province, Ontario will recoup its investment by selling its interest. It's an approach that recognizes that in an age of globalization, we can no longer build walls around Ontario to keep jobs here. We must instead ensure that we have a climate that attracts jobs and investment, and we must create incentives to create jobs in Ontario through all of our investments. At the same time, we absolutely have to ensure that taxpayers' dollars are only invested in initiatives that will benefit our economy, our province and the people of Ontario.

Through our programs, we've struck a careful balance between the need to create a great climate for innovation in Ontario and the need to ensure that taxpayers' dollars are being invested wisely. That leads to the whole question of, where do we invest?

Again, on the topic of accountability, I wanted to spend a minute on that, Mr. Chair.

By international standards, Ontario is not a giant. We have a lot of things going for us—talented people, access to significant markets, a supportive business climate—but to compete globally, we have to prioritize. We must focus our efforts in areas where we have the research and business strength and global market opportunity to punch above our weight. We must focus, in other words, where we are already, or can be, global leaders. That's exactly what our government has done through the innovation agenda.

The Chair (Mr. Garfield Dunlop): You have a couple of minutes left. I wanted to let you know that.

Hon. John Milloy: Okay. Thank you.

Through careful consultation with innovators and business leaders across the province, we've identified global challenges that Ontario can and should address: challenges like tackling climate change through innovation and bio-based environmental alternative energy and clean technologies; or conquering diseases through breakthroughs in the life sciences, biotechnology, advanced health technologies and pharmaceutical research; or bridging distances between people and giving all citizens equal access to information through continued innovation and digital media information and communications technologies. These are among the most pressing challenges, the biggest opportunities, of our generation, and Ontarians have the opportunity to create solutions, and in the process, build businesses and create jobs. That's how the government plans to grow the economy and the jobs of the future. We are supporting talented people in this province and their efforts to develop solutions that address these challenges and bring them to

market through existing businesses or brand new companies. We don't claim to know what the winning solutions will be. What we've done is identified the challenges and focused our funding and investments in these areas.

As I've outlined in my remarks, solutions can be found right across the economy and right across the province. We're funding projects on farms and in factories, developing innovations that could impact everything, as I've spoken about, from forestry to pharma, from auto parts to energy production. We're supporting projects that partner us with companies that range from start-ups to industry leaders. Our reach is, in other words, quite broad; it has to be. It's hard to predict where the next breakthrough will come from or what form it will take. The McGuinty government believes our role is simply to act as a catalyst for the talented people in this province, to give them the support and environment they need to succeed and let them figure out the best path to success.

Mr. Chair, I suspect I'm out of time. Am I?

The Chair (Mr. Garfield Dunlop): You're right on.

Hon. John Milloy: I'll finish, then, on that note and look forward to further questions and comments.

The Chair (Mr. Garfield Dunlop): Thank you very much, Minister. Now we'll go to the official opposition for 20 minutes.

Mr. Jim Wilson: Minister, thank you for your response to some of the points that we had mentioned this morning.

Just going back to the Ontario venture fund, I gather this fund is only a little bit over a year old. Is that right? Ninety million dollars of the \$205 million is Ontario taxpayers' money, and the rest, the \$115 million, comes from Royal Bank, OMERS, Manulife, BDC and TD. Given how tight people are telling us venture capital is out there—someone asked me at the break whether that is enough funding—what would you expect the take-up to be in the near future and the distant future?

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Hon. John Milloy: I'm going to turn it over to my officials in a second, but the simple answer is that that fund represented a very important step forward in terms of injecting capital into the venture fund community or the venture fund market. To answer directly your question—was it enough?—no. We recognized that we also needed to look at the investments themselves and the venture capitalists that were coming forward. That's why we came forward with almost its partner, the Ontario emerging technologies fund, which was announced at the end of July. That fulfills a similar role, in terms of injecting capital into the market, but takes it from a different perspective—I think I had a chance to speak about it this morning—by partnering with venture capitalists and matching their fund and using their wisdom and know-how.

If I may, I'd like to turn it over to my officials, who could provide a little bit more technical background on the venture fund—the fund of funds, as it's often called—and where we're at.

Mr. George Ross: As the minister mentioned, the Ontario venture capital fund is part of a comprehensive program we have to support venture capital investment in Ontario, and it is a model that is set up through a limited partnership. So the Ontario government is partnered with other financial institutions—I think the minister mentioned those institutions this morning—and the mandate to invest out of that limited partnership has been provided to TD private equity. They professionally manage the fund on behalf of the limited partners. Their job is to assess requests that come in to them for commitments to underlying funds. So a venture capital fund will approach them, and they will do the due diligence on the organization and make a commitment accordingly. There are parameters around their commitments that have been set by the limited partners, in terms of returns and pacing of investments and those sorts of things, which are part of the commercial arrangement we have with the partners.

To date, they have provided about \$37 million worth of commitments into a number of funds—I believe they've made four commitments. They also have the ability to provide co-investment directly into companies, and I believe they've made one direct investment commitment as well to date. The fund commitments are three to five years, and the investments can go over an eight-year period.

Mr. Jim Wilson: The retail venture capital: I believe that in your 2006 budget, your government announced that it plans to eliminate the 15% provincial tax credit for investors in labour-sponsored investment funds by the end of the 2010 tax year, and I guess it has been extended by a year since then, to the end of 2011. Given that retail VCs are having a difficult time raising capital in this economic climate and since Nova Scotia, New Brunswick and Saskatchewan are raising their tax credits in this area, have you given any thought to revisiting that decision?

Hon. John Milloy: I think that, in a sense, we're developing a suite of funds. We've talked about the Ontario venture capital fund, and again, I think the Ontario emerging technologies fund was another approach, different from the LSIFs, that is modelled—I think the deputy spoke about this in an earlier response—on best practices where we're able to access the best expertise of the market, where we have qualified investors who come forward. First of all, they prove their bona fides, and then they come forward with a particular investment where we match them and, in a sense, use their expertise and their know-how for free. In terms of the model and the best practices in place, I think that's seen as a better approach than what existed in the past.

With your permission, I'll ask to see if the deputy wants to add to that.

Mr. Jim Wilson: Yes, specifically on that tax—I have a conflict of interest because I'm an investor in labour-sponsored funds, so—

Mr. George Ross: We're actually not equipped to talk about the specifics of LSIFs. That's really a matter for the Ministry of Finance to comment on. So I'm sorry, I just can't answer the specific questions.

Mr. Jim Wilson: I thought I'd try.

Just going through the Internet, I came across a blog. It's a bit of a complaint, I guess, about the emerging technologies fund that you've been quite proud of. The blog on the Internet, by Suzanne Dingwall Williams, is called Venture Law Lines. She's a partner with Venture Law Associates LLP in Toronto, a boutique law firm representing entrepreneurs and emerging companies. She has worked on Wall Street and Bay Street and at Nortel Networks, and now advises private companies. Here's what she posted on her blog on August 4, 2009, under the title Ontario's Emerging Technology Fund: Fuhgeddaboutit—and I'll just give you a chance to comment on it. It'll take me a minute or two to read what she said.

"While we were all heading off for the long weekend, those scams"—her words, not mine—"at the Ontario Ministry of Research and Innovation were busy launching their long-awaited guidelines for obtaining matching funds from the emerging technologies fund. You can view them over here"—and she gives the link—"but make sure you bring your time machine with you so that you, too may travel back in time to a place where these guidelines might be relevant.

"By creating a process so onerous that no self-respecting angel would bother, the OCGC has narrowed the ETF so that matching funds are essentially available only for VC investments made in Ontario companies. What VCs would these be? I ask you. The ones receiving funds from the Ontario venture capital fund, which is also managed by this same group? (PS, there aren't any, unless you count the two commitments made to local venture capital funds which have yet to close).

"Certainly the guidelines can't be aimed at matching US VC investments, since it requires that the ETF's investment be bought out if at any point the funded company loses a significant Ontario footprint. Most US VCs ascribe to the 'scale sales and executive team in a US office' approach to building a company.

"The most meaningful investment activity in Ontario in the last two years has been that done by angel investors. As a reward for their engagement, they now must complete a lengthy application, including a statement of their net worth and the names of several personal references, before their investments may be considered for matching money.

"It also is not clear who is vetting and assessing these applications or how this can be done in a timely manner: The fund is administered by the Ontario Capital Growth Corp., whose board of directors consists of four senior public sector employees that have been allocated to the OCGC on a part-time basis.

"The ETF was a really brilliant policy initiative that could have accelerated the growth of all those Ontario start-ups that stayed the course in the last two years. The impact of the guidelines? I'm hoping someone has a better view than I."

Obviously, she's got some complaints there. Do you want to just make a comment on it?

Hon. John Milloy: Sure, I'll make a general comment, and I appreciate your sharing it and looking for our

feedback and not necessarily associating yourself 100% with what's there.

I've got to tell you, the commitment that we made was to have it up by the end of July. I will admit that we went—maybe like a student finishing a term paper—it was the afternoon of the final day of July. Since then, I've had a chance to actually participate in two round tables with members of what you might call the high-tech, the venture-capital community. I've heard nothing but praise for the fact that we kept our word, that we got it up. It was 4 o'clock on a Friday—and perhaps my officials can share the number with you; I can't remember the number of hits we immediately had. People were waiting for it. There has been a lot of excitement in the community about moving forward.

The concerns she raises—unless I misunderstood—have something to do with the fact that we're looking for, if I can use the term, Ontario content; that these are Ontario companies and Ontario investments. Again, I think all of us struggle with that balance here in government: We want to recognize that we live in a global marketplace, but as I think I responded in my follow-up remarks, we also want to be very careful with Ontario taxpayers' money and be Ontario-focused.

I don't share her pessimism. I've had very positive feedback. As I say, I think people were very impressed that we met the deadline. They were waiting. Instead of heading off to the cottage—perhaps they have a computer at their cottage—there was a lot of interest from the moment it went live.

With that, I might ask my officials if they want to speak to some of the more technical aspects of it.

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Mr. Jim Wilson: If you get up and going with venture capital with Ontario's help and then you bring in venture capital from the US, does that disqualify you? Do you have to pay back your Ontario portion, or am I misinterpreting what she's saying?

Mr. George Ross: The fund is open to co-investment with VCs from the US. The model is really built around some principles that balance the need for due diligence over the use of the money that has been allocated to us by government and the need to rapidly deploy that money into the companies. So we will be following on investment decisions that have been made by other qualified venture capital partners. In addition to VC firms that could be pre-qualified, there is a provision in there to allow us to come alongside angel investors as well.

Obviously, angel investing is a different business than venture capital investing, and the requirements for due diligence are slightly different there, but the whole goal of this program is to actually move capital into the companies quickly. Since the program has been up and running, we've had a significant amount of interest in it. I believe—these are some early figures—we've had 13 requests for qualification as investors and we have six potential deals that have come in since the program has been up and running. We are now doing our due diligence on those, using expert external firms to provide

the due diligence of the deals and the screening that's necessary.

Mr. Jim Wilson: Okay. Are they coming from any particular sector of the economy?

Mr. George Ross: The program is focused on key industry sectors, and they align with the focus areas of the innovation agenda. Clean technology and the bio-economy is one of those areas; advanced health technology and medical devices, and firms that are working in pharmaceutical research; and the last area is the whole digital media and information technology space as well. I don't have the specific details on all the deals that are coming in. My sense is that they're spread across those three areas.

Mr. Jim Wilson: So again, you had the Ontario venture capital fund, and then you felt the need to have this new fund. I'll also have some questions later about the complications of some of these things and all the different programs you have in your ministry, which in one way is a compliment. When I was starting down this road, we didn't have this many programs. We certainly had a lot of money at one time. I think we had the Ontario challenge fund and the Ontario research and development fund. That's as far as we got at that time.

Again, explain the rationale of why you had to do the emerging technology fund and just didn't build upon something you already had.

Mr. George Ross: As I said, there are three parts of our work in the venture capital space. The first part was that several years ago there was a real need for seed-stage investment in new start-up companies. The accelerator fund program, delivered by MaRS and the Ontario Centres of Excellence, was put in place to make seed-stage investments in Ontario-based innovative companies. That program has been up and running with some success for a period of time.

Mr. Jim Wilson: That was a \$1-million shots at a time type of thing?

Mr. George Ross: They're under a million. They're typically less than half-million-dollar investments, and I can certainly provide some data on the activities of that program.

The more persistent issue, though, and the underlying issue that was facing Ontario, and Canada in general, was the lack of ability of venture capital funds to raise capital into their funds. These venture capital funds are critically important to an innovation ecosystem like Ontario. Not only do they invest in the companies that will grow jobs and new industries in the future, but they bring management expertise to the table to help those companies move forward. So our next concern was to actually try to kick-start fundraising for those venture capital funds. That was the focus of our fund-to-fund programs, the OVCF. What we did in that regard was use government money to lever or incent institutional investors to come back into this space. Large pension funds and financial institutions had moved away from fund investment to different types of private equity investments. So we used our fund to incent additional money into that space and this is how we established our limited partnerships.

But, Mr. Wilson, the focus of that fund is really around getting venture capital funds, underlying funds, working again in Canada. A number of other jurisdictions in Canada have also used similar approaches: British Columbia, Alberta and more recently Quebec have used a very similar model to what we're doing here in Ontario. The whole idea behind that, as I said, is to really get fundraising going again, and this is why the Ontario venture capital fund has been focused on lead commitments to some of these funds that allow them to go out and raise capital in other areas, including the United States.

Mr. Jim Wilson: Thank you. Mr. Chair, Mr. Bailey would like to make some comments.

Interjection.

The Chair (Mr. Garfield Dunlop): Four minutes, yes.

Mr. Robert Bailey: Okay. Thank you, Minister Milloy, for coming here today. I apologize; I wasn't able to be here this morning. Welcome to your new role.

In your results-based briefing book—I was looking through it a little earlier—I see that in 2008-09 we voted approximately \$490 million to this ministry. Could you list for me some of the benefits that you and your deputy minister could point to from that money that was allocated? It's almost \$490 million; \$489 million and change, so I rounded it off to \$490 million. I was just wondering if you could list some of the benefits that you've seen already from that investment.

Hon. John Milloy: Sure. I only have three minutes. I'd be happy to continue in the next round.

I think what you have to realize, and I've made the point this morning, is that we're looking at a whole continuum in terms of the investments that are being made by the ministry. You begin on that continuum with sort of providing talented researchers with the means to work on pure research and then applied research; developing products; then getting into the whole issue of knowledge transfer; turning it into a product; turning it into a company; setting up businesses; developing markets; and then ultimately, of course, going into the global marketplace and the Ontario marketplace. So it's hard to quantify it in one or two numbers, but I can give you some stats in terms of results over the past number of years.

In terms of job creation, 4,000 researchers have been funded by the Ontario Research Fund and research infrastructure program. They were retained or recruited from both the research fund and the research infrastructure fund. There are almost 100 private sector jobs from 11 spin-off companies out of these research funds. And we've seen almost 500 research and construction jobs through the biopharmaceutical investment program.

The international cancer genome project that I spoke about this morning: MRI invested \$40 million in OICR to collect research data and share it with scientists worldwide. This project will be a magnet for other investments and create jobs for more than 50 researchers. Also, 105 full-time FTEs were created through the health technology exchange.

That's more on the job side, but obviously within that, you're looking at some phenomenal research opportunities. My first couple of months as minister, I've certainly spent—just almost by happenstance, I've met with a number of leaders in the genetics field. The work they're doing, in terms of the development of our expertise in terms of genetics and the various genome projects that are going on, is truly world-class. We are world leaders, but it's going to have profound implications in terms of health care, both in terms of how we treat disease but also in terms of overall costs as the system moves more to a system of personalized medicine; i.e., that they can look at an individual like you or an individual like me who may have a certain ailment, and narrow it down much more fully than they could in the past. All of a sudden, you can exclude all sorts of tests and treatments which may cost considerable amounts of money, you can exclude pharmaceuticals which may cost considerable amounts of money and narrow it down.

The exciting thing about a lot of the work that's going on in terms of genetics is that it is very, very current. I mean, when I speak to these scientists, they're not saying, "In 50 years we'll be able to do this." They're talking in a matter of months or years, depending on the nature of it, that we're going to be seeing these changes go forward.

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The Chair (Mr. Garfield Dunlop): I think that pretty well—

Hon. John Milloy: That's okay. I'd be happy to continue—

The Chair (Mr. Garfield Dunlop): You know what? We'll have other questions as well.

Interjections.

The Chair (Mr. Garfield Dunlop): We'll go now to the third party. You have 20 minutes, Mr. Bisson.

Mr. Gilles Bisson: Thank you very much, Chair. Just a number of questions in regard to the expenses of the ministry. In your salaries and wages component, you're saying you've got a budget of \$13,152,000. That equals how many full-time and part-time employees? What is the staffing complement for 13 million bucks?

Hon. John Milloy: We can provide all that information to you.

Mr. Gilles Bisson: How many people work for you, Minister? You should have an idea.

Hon. John Milloy: Okay.

Mr. George Ross: We have 146 full-time equivalent positions in the ministry. Currently, I think about eight or 10 of those positions are vacant right now.

Mr. Gilles Bisson: So, eight vacancies and you plan on filling?

Mr. George Ross: Oh, yes. It's all under active recruitment.

Mr. Gilles Bisson: I take it you have some fairly specialized staff, so your salary range is from a low to a high of how much?

Mr. George Ross: I don't have specific salary details here today, but we're—

Mr. Gilles Bisson: You'd have scientists, I take it?

Mr. George Ross: Oh, we do.

Mr. Gilles Bisson: So you've got to pay them a decent buck. What range of salary are we paying people at the high end?

Mr. George Ross: I'll have to get back to you with specific salary ranges. We have our employees classified according to the jobs they do and according to the—

Mr. Gilles Bisson: Do you have anybody from your financial services here with you?

Mr. George Ross: Yes, we do.

Mr. Gilles Bisson: That's what finance estimates are about. Can we have that person come forward?

Mr. George Ross: Maybe I could—the specific question is about—

Mr. Gilles Bisson: Well, if you don't have the answer, I'd like to talk to your staff in regard to basically salaries and different stuff. There are different things I want around your services. There are various things that I want to get into around the finances.

Mr. George Ross: I can answer as many of those questions as I can.

Mr. Gilles Bisson: All right, and if you can't—

The Chair (Mr. Garfield Dunlop): Let the questions go to the deputy, and then if there's something he can't answer, he'll go through to the staff member. Okay?

Mr. Gilles Bisson: Yes. That's why we bring the staff here. I'm just making the point.

You have 146 full-time, FTs. You have eight vacancies. Do you have any of those who are temporary on top of the 146?

Mr. George Ross: That is our complement of positions.

Mr. Gilles Bisson: That's total?

Mr. George Ross: That's our limit, yes.

Mr. Gilles Bisson: Okay. Your salary range, let me just back to that again. What would be the high end of what you would pay somebody with some fairly specialized—ballpark, \$200,000, \$150,000, \$300,000?

Mr. George Ross: Oh, I can't answer that. I'm going to have to get back to you with the salary ranges, on the specifics—

Mr. Gilles Bisson: Does anybody know in the room?

Mr. George Ross: We have a series of classifications for staff—

Mr. Gilles Bisson: I know. I understand.

Mr. George Ross: —and some are over \$100,000. I don't believe any of our staff are close to \$200,000.

Mr. Gilles Bisson: Okay. Well, that's what I was looking for. The majority of your staff, are they fairly specialized or is it fairly generic? Like, most people have a fair amount of specialty in the ministry, so you probably have to pay them a little bit more money than the base?

Mr. George Ross: There's a combination. The people are paid according to their jobs and their classifications as opposed to their specific credentials that they come in

with. But I should tell the committee that we have a fairly highly skilled workforce. It's very diverse and very highly skilled. We have a number of PhDs, MBAs and engineers who are in our ministry, and they do good work.

Mr. Gilles Bisson: Okay. So the 146, most of them are situated here, and where else?

Mr. George Ross: They're all situated here.

Mr. Gilles Bisson: So they're all? So you have nobody out in the field anywhere in any of the universities or anything like that?

Mr. George Ross: No. Our reach as a ministry extends through our stakeholders as well, and they are—you know, we have relationships with organizations right across the province, including research institutions.

Mr. Gilles Bisson: Okay. So you list in your estimates \$1.3 million in transportation. I take it that your staff have to travel to different places. What exactly are you guys doing? I don't want specific names, but give me a sense of what it is you do when you get out there to spend \$1.3 million.

Mr. George Ross: It depends on the program you're talking about, Mr. Bisson. For example, when we are about to launch a new research round under the research infrastructure, staff from our research branch go around the province and consult with the institutions, the hospitals and the universities. We attend scientific conferences and present papers. Also, we have a mandate to promote Ontario on a global stage. So every year we attend the big BIO conference in the United States and other conferences like that as well.

Mr. Gilles Bisson: I was trying to pull out of the estimates, and maybe I just don't see it here—but this year, you're projecting \$1.3 million for transportation communication. How does that stack up against last year? What would it have been last year? For some reason, under the actuals for 2008, I don't seem to find it. Maybe I'm looking in the wrong place. Anybody have that?

Mr. George Ross: So this is a year-over-year comparison you're looking for?

Mr. Gilles Bisson: Yes, just ballpark—where are we compared to last year?

Mr. George Ross: I think our travel would be comparable to what it would have been in previous years. We're not anticipating any big, additional travel.

Mr. Gilles Bisson: I'm just wondering why it is, in this particular format, that we don't have last year's actuals for transport. Is it there? Am I not seeing it? Does anybody know?

Hon. John Milloy: I've seen it broken down. I'm just looking for it.

Mr. Gilles Bisson: As you're looking for that, I'll get to the next question. If somebody in the ministry—I just find it's how we present, and it's not entirely your doing, but the way estimates are presented in the documents, there's sometimes a little bit to be desired. It's nice to have some comparables, to be able to look back at the last couple of years and see where expenses are and how

they compare to other years. It's hard to do that in the present format that we have here right now. So, if you can, a little bit later on today, if somebody can give me what your transportation communication was for last year's budget.

There's another line over here, and I didn't quite understand what this was all about. On page 26, you talk about other transactions, \$51,000. It's not a lot of money, but I'm just wondering what that's all about. What is that, other transactions, \$51,000. Is that membership to organizations or something?

Mr. George Ross: I'm going to have to get back to you on that one. I'm not sure. We're going to have to ask staff to follow up on that.

Mr. Gilles Bisson: And do you have somebody here in the room who can do that?

Mr. George Ross: Yes. I will follow up on that. I will definitely get that answer for you.

Mr. Gilles Bisson: At one point, I wouldn't mind having people answer these questions.

Okay, moving on, there's that. Then there's—

Mr. George Ross: Mr. Bisson, could you just please give us a reference on a page?

Mr. Gilles Bisson: Yes, I'm looking at your estimates binder at page 26, under table 3, "Other transactions, \$51,000." It's not a lot of money, but I'm just wondering what "other transactions" are that are not listed under services or supplies. I'm not quite sure what that was all about.

Mr. George Ross: Okay, we'll give you a definition of that category.

Mr. Gilles Bisson: Yes, not a problem. Also, on the same page, under "Assets," you have "Deposits and prepaid expenses." I take it that's money that you re-collected on loan guarantees or something, that \$7 million?

Mr. George Ross: I'm going to have to ask my CAO, Jeanette Dias D'Souza, to come forward.

Mr. Gilles Bisson: Yes, because most of my questions are—

Mr. George Ross: Your questions are more definitional around these categories—

Mr. Gilles Bisson: If you could, please.

Mr. George Ross: So is Jeanette here? Maybe I could ask her to come forward.

Mr. Gilles Bisson: She's been biting at the bit. I've been watching her.

The Chair (Mr. Garfield Dunlop): Jeanette, could you please introduce yourself?

Ms. Jeanette Dias D'Souza: Thank you. Jeanette Dias D'Souza, CAO.

With all due respect, I'm part of the team and was trying to provide some of the information. I do not have all of the specific information, but I think I can shed some light. You asked an earlier question about the \$51,000. That is actually a bad debts expense that the ministry made provision for. When we forward monies to different organizations, prudent financial management requires us to make an educated estimate of—

Mr. Gilles Bisson: How much bad debt you're going to have.

Ms. Jeanette Dias D'Souza: Exactly. And it doesn't mean that the money is bad, but sometimes the timing doesn't happen in quite the right year. So under prudent financial management, that is what we provided. We actually, moving forward—

Mr. Gilles Bisson: May not even spend it.

Ms. Jeanette Dias D'Souza: —as we get a track record, we don't believe we'll even require that much money.

Mr. Gilles Bisson: Okay. Was there such an amount posted for last year's estimates?

Ms. Jeanette Dias D'Souza: I believe there was only a placeholder of \$1,000.

Mr. Gilles Bisson: Okay. And so I take it, because there's more activity in the ministry this year, with additional programs, that's why you've bumped it from the \$1,000 to the \$51,000.

Ms. Jeanette Dias D'Souza: We take a step back and we take a look at everything that we have going on, and we make informed decisions about what we need to provide. That was the decision in terms of, again, prudent financial management, but having a little bit of a track record under our belt, we would probably expect to see that reduced in subsequent years.

Mr. Gilles Bisson: So, just on the following, again on table 3, deposits and prepaid expenses is \$7.8 million. Can you explain what that is exactly?

Ms. Jeanette Dias D'Souza: Yes. I can give you a general explanation, and perhaps we may need to come back with more specified information.

Mr. Gilles Bisson: Okay. That's fair.

Ms. Jeanette Dias D'Souza: When we advance funds to different organizations, there is, of course, a certain point in time when, because of financial rules, they are actually their funds, but in the meantime, we may advance the funds as a prepaid. Technically, it's still ours; it's our receivable. Again, we have to record it in a manner that is appropriate.

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Once the funds have completely been turned over to the organization, then it's expensed. But in the meantime it sits as our asset, so to speak, and that's what that was.

Mr. Gilles Bisson: Oh. So this is money that's earmarked but has not gone out the door, in simple layman's terms.

Ms. Jeanette Dias D'Souza: Some of it could have gone out the door but it's still our money. We still recognize it until we give up full rights. I'm afraid I don't have the full details on this, but that's the best general explanation I can give you.

Mr. Gilles Bisson: And so that seven million, that's again an estimate of what you think that will be for the year.

Ms. Jeanette Dias D'Souza: I believe, based on the number of programs—again, some diligence is done as to how we think the funds are going to flow. I'm afraid

that's the most detailed explanation that I could give you on that.

Mr. Gilles Bisson: Then there's "Loans and investments," \$1,000—there's not a lot of money. Is that \$1,000? Yes, it's \$1,000. Right under "Assets"—"Deposits and prepaid expenses," "Loans and investments," \$1,000.

Ms. Jeanette Dias D'Souza: I'm sorry, could you tell me what page we're on?

Mr. Gilles Bisson: Table 3, page 26.

Ms. Jeanette Dias D'Souza: Twenty-six, okay. Any time I hear the number \$1,000, I automatically think it's a placeholder. Yes. That particular line, that \$1,000 you're looking at, is a placeholder. The line above it, the \$7,847,000, is the amount I was referring to earlier.

Mr. Gilles Bisson: Yes. The placeholder is \$1,000, so you put that, because you have to account for it somewhere. Un-muddle me here. You're going to have to re-explain that seven million to me again. I understood what you're saying is that you'll approve funding for somebody's application but the money is not quite out the door; some of it is. At what point does it come off your books as an expense?

Ms. Jeanette Dias D'Souza: That I would want to check on, but there is a definite point at which we say, "Okay, it's no longer ours," and at that point it's expensed. Prior to that, it is our prepaid.

Mr. Gilles Bisson: All right. So you'll provide me with that. And the \$1,000 is a placeholder for that seven million?

Ms. Jeanette Dias D'Souza: No, the \$1,000 is a placeholder, and I apologize; I don't have that explanation immediately—

Mr. Gilles Bisson: It's not big money, but I wouldn't mind knowing what it is.

Ms. Jeanette Dias D'Souza: Okay.

Mr. Gilles Bisson: Carrying on, page 27: Again, "Research and innovation program," another placeholder of \$1,000?

Ms. Jeanette Dias D'Souza: Under the capital assets, Mr. Bisson?

Mr. Gilles Bisson: Yes.

Ms. Jeanette Dias D'Souza: That is a placeholder that most ministries have been asked to place for the potential purchase of capital assets in the ministry, like IT equipment etc.

Mr. Gilles Bisson: A thousand bucks?

Ms. Jeanette Dias D'Souza: That's a placeholder. We use that \$1,000 very often as a placeholder for a very specific reason.

Mr. Gilles Bisson: You ain't gonna buy a lot for a thousand bucks, I figure.

Ms. Jeanette Dias D'Souza: It makes a pretty good placeholder, we think. And we were asked—

Mr. Gilles Bisson: Explain it to me, because I really don't get why you would do it that way. I understand that you have to have a placeholder if you plan on expending money.

Ms. Jeanette Dias D'Souza: It allows us to create the line. Once we have the line, should we need things—

Mr. Gilles Bisson: Then you can transfer money from another line and bring it over here.

Ms. Jeanette Dias D'Souza: This \$1,000 was set up at the request of the central. All ministries, I believe, have been asked to place that there so that we can all start to record properly our assets.

Mr. Gilles Bisson: So walk me through what this would look like at the end of the year. The \$1,000 on page 27: It's a placeholder that creates a line that deals with equipment that you may have purchased at the ministry, but that purchase obviously is going to be over \$1,000, right?

Ms. Jeanette Dias D'Souza: I believe so, and as we go through the year and start to record the results for this year, then we'll have a better idea of what that number will be.

Mr. Gilles Bisson: That money would come from what line? It would come out of "Supplies and equipment," the \$731,000?

Ms. Jeanette Dias D'Souza: Very often, our IT purchases are purchased by a cluster. We have IT clusters. Certain charges would flow through to the ministry.

Mr. Gilles Bisson: So it's bought across the government and then that equipment comes to your ministry and it may be paid by what? Not a special warrant.

Ms. Jeanette Dias D'Souza: No. The ministry would pay it; correct. We would find another place and then record this correctly.

Mr. Gilles Bisson: Okay, normally—and I take it that either comes out of supplies and services, or the "Services" line, I would think?

Ms. Jeanette Dias D'Souza: I would think so, yes.

Mr. Gilles Bisson: All right. So that's new, then.

Then there was another transaction, a different placeholder: \$2,000 in "Capital Summary by Vote and standard account." The one that says—just at the bottom of page 27. It says "Other transactions, \$2,000." It's obviously another placeholder, but for what?

Ms. Jeanette Dias D'Souza: Actually, I know that represents two \$1,000 amounts. If you don't mind, I would like to respond back to the committee on that one.

Mr. Gilles Bisson: Okay. "Land and marine fleet"? I didn't quite get that one.

Ms. Jeanette Dias D'Souza: That is standard wording that we were asked to put in. Because we are one of many ministries, we go with the standard wording. That's something that was provided to us.

Mr. Gilles Bisson: Why? The only marine fleet that we have, as far as I know, is owned by Ontario Northland.

Ms. Jeanette Dias D'Souza: I think I would need to check at the centre with the provincial controller or finance in order to get the exact reason for that. But I do know we were specifically asked to provide that wording.

Mr. Gilles Bisson: But you don't own any boats, the last time I checked.

Ms. Jeanette Dias D'Souza: As far as I know, to the best of my knowledge, MRI does not have any boats.

Mr. Gilles Bisson: I know—the minister has got a yacht. Is this the yacht line?

Hon. John Milloy: I bought it for \$1,000.

Mr. Gilles Bisson: Not bad. You're pretty good. So you're saying that every ministry has been asked to put, under "Capital assets," "Land and marine fleet" as a placeholder?

Ms. Jeanette Dias D'Souza: I believe—

Mr. George Ross: We follow a standard format for filling in our briefing books, so this is the standard government format that we follow. Not all business of ministries is the same. An operating ministry may, in some cases, have capital assets that a ministry like ours doesn't.

Mr. Gilles Bisson: I would like to ask the researcher something.

The Chair (Mr. Garfield Dunlop): Pardon me?

Mr. Gilles Bisson: I'd like to ask Mr. Richmond something. It's either Mr. Richmond or it might be the clerk. There's a standard by which the estimates binders are prepared—right?—that all ministries have to conform to? I don't know who can answer that question.

The Chair (Mr. Garfield Dunlop): Yes, you can go ahead. Please respond.

Mr. Jerry Richmond: With respect, Mr. Bisson, I would think it might be more appropriate to address your question to the ministry officials. We can handle it, but they're directly involved.

Mr. Gilles Bisson: No, no. I am not asking for specific expenses. I do remember that we had this conversation in committee a while back where we changed the format for ministries to respond in preparing their estimates—not to respond, but how the estimates are prepared. And my question is: Is that something that we've asked for, that these kinds of placeholders be inserted for all ministries? They may not have the expense in that ministry, but the line is there, and I'm just wondering where that comes from.

Mr. Jerry Richmond: Can I suggest that you pose that to the ministry officials? If their response is not adequate, we will pursue it in research.

Mr. Gilles Bisson: Okay. I'll go back to the ministry. Have you looked at other binders? Do you they have that same line, "Land and marine fleet"? For example, economic development and trade, northern development and mines.

Ms. Jeanette Dias D'Souza: I believe they do, but I would prefer to double-check and respond back to you.

Mr. Gilles Bisson: Okay. I just thought that was interesting when I saw it.

A couple of other things. On page 28 under "Operating," again, you've got, in the second window, that \$51,000 for bad debt. I take it that refers to the same bad debt that you've got reported under "Other transactions" in table 3, right?

Ms. Jeanette Dias D'Souza: It does indeed.

Mr. Gilles Bisson: Okay, so it's not an additional one. And that would be the same thing with the special warrants for amortization, which is another placeholder. That's separate, on table 7 for capital? Table 7, the other side, under "Special warrants"—"amortization, \$1,000." I take it that's a placeholder again?

Ms. Jeanette Dias D'Souza: It is.

Mr. Gilles Bisson: And is that the same placeholder as one of the other ones we were looking at?

Ms. Jeanette Dias D'Souza: Do you recall that there was an item of \$2,000 and I told you it was made up of two \$1,000 amounts?

Mr. Gilles Bisson: We found them.

Ms. Jeanette Dias D'Souza: This is what I'd like to check. I believe it's those two, but I'd prefer to check.

Mr. Gilles Bisson: And that's what the next is in the other window, "Research and innovation"—\$1,000 is the second one, I take it?

Ms. Jeanette Dias D'Souza: I believe so. Again, I will check and get back to you.

The Chair (Mr. Garfield Dunlop): You've got two and a half minutes left.

Mr. Gilles Bisson: So in two and a half minutes, if you could provide, maybe next time that you come up, a little bit of a fuller explanation about, number one, what these particular placeholders are. What function do they serve, what do we expect to have spent in those placeholders by the end of the year and how do they compare to last year, if they did exist last year?

Under "Ministry administration"—I'm going to bring you back to table 6 under "Operating." When I look at the ministry administration, the \$4.8 million, that would include the money that you have for—no, it doesn't add up; that's why I circled this.

I'm going to go between two pages. I don't mean to confuse you, but that's the only way I can do it. Page 26, table 3, says, "Services"—\$10 million, right? Those are services that you account for in the ministry, the functions that you do. But then when I look back over "Ministry administration"—\$4 million. It's different. I take it that includes some staff wages, some equipment rentals etc.

Ms. Jeanette Dias D'Souza: If I may, table 3 provides a breakout of the ministry by type, so all the salaries are together, all the employee benefits are together—

Mr. Gilles Bisson: Yes, there's a blend.

Ms. Jeanette Dias D'Souza:—where, in table 6, it is presenting the information organized in a different manner by a different heading.

Mr. Gilles Bisson: And it's a blend of—it could be salary, it could be—okay, gotcha. Am I running out of time?

The Chair (Mr. Garfield Dunlop): Yes, that winds up your time right there. You have another 20 minutes coming up 40 minutes from now.

Now we'll go to the government side. The parliamentary assistant, Mr. Moridi. Please go ahead.

Mr. Reza Moridi: Thank you, Mr. Chair. I would like to begin by congratulating you on being Chair of this

committee and Mr. Bob Bailey being vice-chair of this committee. I'm also new in this position as parliamentary assistant to the Ministry of Research and Innovation. Before asking my question, I would like to make a few comments about the importance of research and innovation and then put my question to the minister.

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As we know, science is the basis of engineering, and engineering is fundamental to the design and manufacture of every product—

Interjections.

The Chair (Mr. Garfield Dunlop): Could we keep it a bit quieter in here.

Go ahead.

Mr. Gilles Bisson: Sorry, I apologize.

Mr. Reza Moridi: Not at all, Mr. Bisson.

As I was saying, science is fundamental and basic to engineering, and engineering is fundamental to the design and manufacture of every product and every structure, and every structure and every product is the element and object of the economy. So when we are talking about science, actually we are talking the economy. The development of science is dependent heavily and solely on research and innovation, of course. So if there is no research, no innovation, there will be no science and, of course, engineering, and this goes on and relates to the economy.

When we look at the history of science and engineering, going back not very long ago—maybe 150 years, 100 years or even less than that—scientific discoveries or innovations were solely based on accident. Basically, scientists in various schools and universities, mainly in Europe and other parts of the world, were doing some experiments, some thinking, some imagining, and as a result of that very informal or accidental sort of imagination and work, discoveries would happen, and in fact did happen, and in reality they changed our world.

I'll give you a couple of examples, just to appreciate the importance of research and innovation. About 115 years ago, a young British scientist was working on something called cathode rays. Cathode rays were one of the mysteries that scientists were trying to understand. As a result of experiments this scientist was doing at Cambridge University, in England, understanding something that was called a cathode ray at that time—the reason it was called a cathode ray being that it was something that was coming from a device called a cathode. That's why they called it a cathode ray or cathode radiation.

That experiment by this young scientist by the name of J.J. Thomson, who later became one of the top scientists in the world—he was in his 20s, actually; he was one of the youngest professors at Cambridge University to become Cavendish Professor of Physics, which is a top honour in the UK. If you have that title, you are the greatest physicist in the UK. In his experiments, he discovered by accident a very tiny particle, which was called an electron. This discovery basically opened up a new concept in the whole science of matter, which was based on the philosophy developed in ancient times about

2,000 years ago by the Greek philosophers that the smallest part of matter is something called the atom. The discovery of this tiny particle, which was 2,000 times smaller than the lightest known atom, the hydrogen atom, basically broke an idea, a philosophy of 2,000 years.

This discovery changed our world. The discovery of this tiny particle basically opened up the science of electricity; created a new science, which today we call electronics; and created a new understanding of optics, of light, because we didn't know the nature of light. This was a mystery for the whole of science: What is the nature of light? This discovery helped us to understand the nature of light.

This discovery also helped scientists understand the structure of the atom, and that later on led to nuclear energy and the utilization of nuclear radiation not only in industry but in health care and so on and so forth. Also, understanding this tiny particle led to another discovery which today we know of as X-rays, or unknown radiation. Can you imagine the impact of this discovery, the X-ray, just on the health care sector? Today you can't imagine any hospital, any dental clinic, any health care sector, having no X-ray machine.

So these discoveries which happened in the past all came through by accident. But this is not true these days. Starting in the 1940s, the American scientists at Bell Telephone Labs tried to make plans for discoveries. Up to that point, discoveries or advancements in science and technology, or innovations, as I said earlier, happened by accident. But in the 1940s, the American scientists at Bell labs decided they were going to build something that they later on called the transistor. So that was a plan. The discovery of the transistor wasn't just a discovery; they planned to make it. In order to do that, of course they had very thorough planning. The scientists from various branches of science including physics, theoretical physics, mathematics, chemistry, all got together and made plans, and of course industry and the American government provided funding for them, and then in 1948 they came up with this major discovery which they called the transistor. Again, that changed the whole world of electronics. Today you can't imagine any electronic equipment not having a transistor.

These were the things that happened in the past. Today, as we all know very well, any economic development is based on science and technology. It's not like the old days. Even when you look at our traditional economy in the world, which is agriculture, its history goes back centuries—maybe day one of creation when human beings just wanted to feed themselves, agriculture came into being. Even agriculture today is heavily dependent upon science and technology and innovation, not to mention our own health care.

The market is so competitive, and the world is very small. Scientists can move around very easily from one country to the other and, of course, various countries, various industries, various research labs and universities. They're offering high salaries, they're offering very competitive benefit packages to scientists, and they move

around very easily. At least two or three Nobel Prize winners in physics who are Americans now used to be Canadians. I don't know if they kept their Canadian passports, their Canadian citizenship, but they're Canadians. They moved from our country to the States. We weren't able to keep them in Canada.

The question I'm trying to get to is, what are we doing, Minister, to keep our scientists, our top researchers, in Ontario? We know that this is the key element for the economic development of our province.

Hon. John Milloy: Thank you very much for your comments and, I might say in a good-natured way, the seminar on science, too. Members may know that Mr. Moridi is actually Dr. Moridi, an expert in nuclear technology. I had a chance to tour the Bruce nuclear power plant with him, and I kept him very close because he actually provided me with great explanations as to what was going on, though at the end he said it's basically just a big teakettle. That's all a nuclear facility is.

You raise a very central point as to what's happening around the world, and that is—and I think I've made this point a few times in my comments—that talent can move. It's one of the most mobile resources that we have. Although there are always debates and discussions of how we can somehow try to control the situation and require people to stay, the bottom line is that the only successful way to keep researchers here, to retain them, and also to attract researchers, attract expats back, attract new researchers here from other jurisdictions, is to make sure that we have world-class research centres, both independent research centres as well as those located at our universities and colleges; that we have a critical mass of scientific talent and a government that, quite frankly, is making research and innovation a priority.

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I'm not trying, with the final point, as I think Mr. Bisson said earlier, to act like a politician, saying it's tooting our own horn. I'm hearing it from the researchers that I've met in my short time in the portfolio. They're saying, "Hey, part of the reason we want to stay here is because we have a good partner in terms of the government, moving forward."

Part of the game, though, I would say, if I could use that term, is of course not just attracting the superstars; it's also keeping the young up-and-comers who often are going to be that next Nobel Prize winner, that next inventor of a new technology or product. We have a number of different ways that we can partner with both the new researcher as well as the established researcher.

One is, in terms of the new ones, the early researcher awards. It's a budget of about \$56 million over five years. Actually, in August, I was at McMaster to make one of my first announcements, as minister, of early researcher awards. That round was an \$11.5-million investment in 82 research projects across Ontario. I had a chance to meet a number of the talented researchers at McMaster, and these are individuals who tend to be toward the beginning of their career and who are doing amazing work in a whole variety of fields. They're going

to have commercialization opportunities and also make strides in such key areas as health care and environmental technologies and digital media—those three major themes that we try to develop.

We have, of course, the Ontario Research Fund. I've referenced it today. This, again, obviously now, as we move through the continuum to the more established researchers, provides money for research projects and, of course, money for infrastructure. This often supports teams. Again, I don't want to exclude new researchers, but if you move across that continuum—we also have awards from the province itself to look at the type of dynamism that's out there, the type of success that's out there.

Obviously, our goal is, "Let's develop the new researchers; let's keep our leading researchers here." But at the same time, how can we attract them from abroad, either expats or individuals who are active in other fields and want to come forward?

I sometimes think—and we're going to have a few hours today and over tomorrow and later on to talk about this—examples speak louder than any kind of statistics that we put forward, so I'll give you a few examples of world-class researchers who have come forward.

Gordon Keller, one of the world's leading stem cell scientists, returned home to Canada in January 2007 to lead the McEwen Centre for Regenerative Medicine that was established at the University Health Network in 2003.

Tom Hudson came from McGill University to lead the Ontario Institute for Cancer Research.

Neil Turok—I want to spend a minute on Dr. Turok—is a world-leading scientist. He came from Cambridge University to become the executive director of the Perimeter Institute for Theoretical Physics, which is in my home community. I'd be remiss to not spend a minute or two talking about that amazing institution.

I think people are aware of the generosity of Mike Lazaridis, the president and co-CEO of Research in Motion. He contributed, along with his wife, \$100 million in 2000, then along with other RIM executives Doug Fregin and Jim Balsillie—each provided \$10 million in 2000; the institution established itself—a very, very exciting time in our community. Since then, Mr. Lazaridis has given another \$50 million to the institution, bringing his total support to \$150 million. MRI has been there. We've provided over \$65 million in research funding to the Perimeter Institute since 2003 to match some of Mr. Lazaridis's contribution.

I think the important thing about the institute for theoretical physics—first of all, as I said, we were able to attract Neil Turok over. But when you speak to him, it's about being number one. It's about creating an atmosphere which is going to attract the best of the best coming forward. It's not so much about putting together the all-star hockey team and going after the established person; it's getting the young superstars. It's convincing them that Ontario is the best place to be and having them either stay in Ontario as they move forward or maintain

links to the Perimeter Institute. Now, the Perimeter Institute is theoretical physics, and I think you made the point very well: In theoretical physics, they don't go in and design a product that we're going to be commercializing the next day, but the work they are doing is feeding into so much that's going on, particularly in terms of our high-tech world.

I think of the work that's being done by Raymond Laflamme at the University of Waterloo. He's the director of the Institute for Quantum Computing—again, someone we brought back; a Canadian, I believe. He came from the Los Alamos National Laboratory in New Mexico. He was attracted back to the Institute for Quantum Computing, which works very closely with the Perimeter Institute. You have the theoretical, and they're feeding into people who are focusing through quantum computing on approaches that can be commercialized and moved forward.

In fact, your comment today reminded me of a documentary I saw several years ago at the Perimeter Institute where Mike Lazaridis said that if you were went back in time and accidentally left your BlackBerry there, when you came back, the world would probably be much the same, but if you went back in time 100 years ago and left an up-to-date physics textbook there, when you came back, it would be a much different world because the principles underpinning physics have informed so much of what has changed our technologies as we move forward.

To go to your original question, it's about creating the Perimeter Institutes and about creating them to move forward.

As I said, I can continue with other folks we've either attracted back to Canada or who have come from other countries. Jack Mandel, a top epidemiologist, is returning to Canada to be the first director of the University of Toronto's Dalla Lana School of Public Health. I mentioned Ray Laflamme, and the list goes on. I was recently at the University of Ottawa, where I spoke with Dr. Bob Roberts, originally from Newfoundland, who had spent much time in Texas and has come back to work in the area of genomics at the school there.

I asked him point-blank, "Why would you come from Texas to Ottawa?" He said, I think very candidly, if I can share this, that he had never thought that was going to be an opportunity; he was very established in his career. But he was invited up and told about the opportunities that existed at the University of Ottawa through the medical school there, and of course their ties to the hospital; he was aware of the research funding and research that went forward.

I must say, he's a leader in the area of genomics, in the area of genes and heart disease, who is in collaboration with some of the top-ranked institutions around the world. He said this is the place to be. Ottawa is the place to be to undertake this type of research, and he was happy to come home for that reason—as I say, a very established career in Texas and he's one of our superstars, not only in terms of commercialization opportunities, potentially, particularly in the pharmaceutical field—

The Chair (Mr. Garfield Dunlop): You have a minute left, Minister.

Hon. John Milloy: —but you can also speak about the health benefits. I referenced earlier: There is an individual who is talking to me about health changes and he's not saying, "Fifty years down the line, we're going to be able to do X or Y." He's talking six months, 18 months that we're going to be making these amazing strides in terms of health.

We're partners there, and he certainly recognized that partnership and said he was able to go on the world stage—I believe he was at the announcement of the GL²—and talk about this important partnership and support from the government, and that got the type of attention we need.

With that, Mr. Chair, I've probably run out the clock.

The Chair (Mr. Garfield Dunlop): Right on, again. Now we'll go to the official opposition. Mr. Bailey.

Mr. Robert Bailey: It was quite interesting listening to the physics and the lesson before on research science as well.

I have a question about carbon capture and storage. I'd like to know what your research and innovation ministry is doing in that field—and if not, why not? Can you elaborate on what investments or what research is being invested in Ontario?

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Hon. John Milloy: Sure. As I've stated, we're sort of targeting three key areas and one of them is in the area of green technologies. Perhaps I can look to officials, if you have some specific examples?

Mr. George Ross: I think it's best to refer this question to Dr. Rockingham, our ADM of commercialization, who has a long history in the energy field.

Dr. Tony Rockingham: Thank you very much, Deputy Ross. My name is Tony Rockingham, I'm an assistant deputy minister in charge of innovation and commercialization.

I guess I'd provide a bit of background on your question: carbon capture and storage. Clearly, there are two parts to it: There's the difficulty in trying to actually capture the carbon. Carbon dioxide, as you know, is a potent greenhouse gas. Carbon dioxide is emitted in great quantities whenever you burn fossil fuels. So we're very much aware of the tremendous number of sources of CO₂, whether it be power plants that burn fossil fuels or whether it be cars that use gasoline and use internal combustion to provide a mode of power source.

So the research that's going on around the world really is focusing on different methods for different technologies. There's a lot of work going on right now in terms of focusing on the large combustion sources, so large power stations, whether they be fuelled by natural gas or oil or coal. They provide some of the best opportunities because you can take advantage of economies of scale in trying to capture that. On the other hand, if you're talking about capture and you're talking about automobiles, there you've got a tremendous number of much smaller sources. So there are different sorts of challenges involved in that.

On the storage side, again, you've got a variety of alternatives there. A number of mechanisms are being considered, whether it's possible to take the carbon dioxide, inject it into deep wells. The physics are interesting: If you are able to inject CO₂ deeply enough into the ground where the pressures can build up, the feel of the carbon dioxide changes. It goes from being a gas to actually being a liquid, and when it's a liquid, it can be combined for very long times with other liquids that are at depth, whether that would be oil reserves, natural gas reserves, saline aquifers or just ordinary aquifers.

Having provided that background, the programs that the Ministry of Research and Innovation—really what we look at, we're trying to provide assistance. Where entrepreneurs have good ideas, we try and ensure that we are a catalyst, but we don't select individual areas such as carbon capture and storage and say, "We want to provide funds to that particular solution."

We have research and development programs where, if there are scientists with ideas that they feel they can develop in partnership with an Ontario research institute, then it would be possible to provide funding for that sort of research. Further down the line, where someone has an idea and they wish to bring that forward for demonstration, for example, because they believe that they've had proof of concept, they believe they've had proof of prototype at a lab scale, then we could assist them through the innovation demonstration fund to bring that idea up to a particular scale, perhaps a scale that would allow commercialization. Through that program, we're able to document what they've been able to do, and that provides them with a bit of an entree into the market.

Further down the line, we also have programs where we can help companies that believe they've got a good idea, whether it be carbon capture and storage or something else, and we assist them through mentoring programs and perhaps understanding what their competition is or understanding what a business plan would look like, where they can go out to the market and entice investors into supporting them so that they can capture larger markets. So that's the sort of background on carbon capture and storage. We understand the science, we understand the physics, and we have programs that can indeed assist people, should they come forward with ideas that meet our criteria for funding those sorts of things.

Mr. Robert Bailey: I was going to ask a follow-up to that, Dr. Rockingham. Have you funded any in the last year or so in Ontario? Has there been anybody approaching you for funding and has it been approved or are you still waiting for someone to come forward?

Dr. Tony Rockingham: I'd have to get back to you about MRI on that. I suspect if you have other ministries, such as the Ministry of Energy, that would be coming forward—because I know that OPG has certainly been following this sort of technology. In my former life, when I was with the Ministry of Energy and Infrastructure, I was aware of people who would come forward and make suggestions in that area.

Mr. Robert Bailey: Do I have some time yet?

The Chair (Mr. Garfield Dunlop): Oh, yes.

Mr. Robert Bailey: Are you able to comment—

Mr. George Ross: Can I just answer your specific question? Sorry to interrupt you.

Mr. Robert Bailey: No, I'm fine.

Mr. George Ross: We just checked our records. I don't think we have any projects that we funded specific to carbon capture. So it doesn't prohibit anybody from coming forward.

Mr. Robert Bailey: Okay. I guess I've got a couple of minutes, then.

So, a second part to that question, if you're able to elaborate on it: In your professional opinion—you said it was your former field—would some of the geology in Ontario be suited for carbon capture and injection? I'm not talking about from cars; I'm talking more from heavy industry.

Dr. Tony Rockingham: I think you're asking a very specific question there, and I don't feel I have the expertise to offer an opinion on that.

Mr. Robert Bailey: Okay. The second part, on biomass in Ontario—there has been a lot of talk, and I think the minister referred to it earlier as well. Have any industries or any research facilities approached your ministry for seed money for research, development money for biomass that would be able to fuel, for example, power plants or OPG plants that are presently fired by coal—but we're moving off coal and to some other source.

Mr. George Ross: Go ahead.

Hon. John Milloy: I was going to say we can obviously get you specifics, but if the deputy or Dr. Rockingham want to speak about it—

Mr. George Ross: We certainly can follow up with specific company interactions that we've had there. Our innovation demonstration fund is targeted on providing funding for those specific types of companies, where they have an environmental or energy type of technology that they're developing and they need some funding support to demonstrate that technology to prove its technical merits, its investment merits and also, in the case of the sort of technology you're talking about, its ability to hook on to the grid and provide reliable power. We have invested in some companies, through the IDF program, that focus on that sort of technology and we can certainly follow up with you on those.

Mr. Robert Bailey: Okay. I met with members of the federation of agriculture the other day, and I know they're interested because of the discussions on biomass and it possibly being a crop that the rural farming community could move to. They obviously need to know that there's going to be a market there. They don't want to get led down the garden path; the farm community makes big investments in equipment and that. So your ministry would be willing to work with members of, say, the federation of agriculture, their research department, if they approached you and your ministry to do work with them on that?

Hon. John Milloy: Certainly our ministry does a great deal of outreach and works with individuals who come forward with ideas to channel and direct them into the best programming available. Again, I'll use the word "continuum." We're trying to have a continuum of programs depending on the stage when it comes forward. In terms of making the final approvals, we're very much going out to experts in the field, to panels and a peer review process, to adjudicate on wanting to come forward with various funding recommendations. That's why, in terms of your specific questions, we're very happy to get you that information, but in a sense it's—we build the programs, we do the outreach, but then we allow people to come forward with a specific proposal and allow that arm's-length approach to go forward.

But certainly, the group that you mention, we'd be more than happy to—and I know we do meet regularly with different groups going forward.

Mr. George Ross: I can provide one example of a project that has been invested in through the innovation agenda, and this is a company called Pond Biofuels Inc. They're based in Markham, Ontario. They had a \$500,000 investment under the investment accelerator fund, the IAF program, that I talked about earlier in the day.

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Pond Biofuels created an operational lab-scale version of its process, but required funding to develop a one-acre pilot bioreactor. The company was able to secure an industry partner within which the pilot project could be developed, and IAF's investment of \$500,000 financed a portion of the pilot. As a result, the IAF investment provided sufficient credibility and comfort to a key industry partner that the partner agreed to move forward with the pilot and, furthermore, invested \$500,000 in the companies on the same terms as the IAF.

Pond Biofuels Inc. focuses on producing biodiesel from microalgae, and the biofuel produced from algae could potentially surpass other biofuels due to its rapid growth, extremely high yield potential and suitability for current infrastructure. Other traditional biofuel feedstock must be grown or develop slowly and can only be harvested at certain times of the year, although the same thing does apply to agricultural feedstock, as you've pointed out. Algae, however, can double in volume overnight and be continuously harvested on a daily basis. Pond Biofuels has designed a closed-system bioreactor that protects the algae from contamination and adverse environmental conditions. The company is able to better optimize the harvesting process by increasing CO₂ levels, nutrients and flow throughout the algae production process.

Biofuels produced from algae have high potential as a fuel source because it grows fast and does not compete with food crops. It is biodegradable, absorbs greenhouse gases and, as it grows, it can be used in diesel engines without modification. So that's one example of an investment made.

Mr. Robert Bailey: Did you have some questions you wanted to ask?

The Chair (Mr. Garfield Dunlop): Yes, I've got a couple of questions. He's going to just assume the chair for a second.

Interjection.

Mr. Garfield Dunlop: Thank you very much, Minister. I wanted to talk for a moment for something that's happened up in Simcoe county this year. You've probably heard about this landfill called site 41. There have been demonstrations. It's been very controversial throughout a number of years now—it goes back 25 years. I was getting to the point where the original technology to design the landfill was this process used by the Ministry of the Environment where there was an upward gradient water pressure and that pressure would not allow leachate and that to leak back into the ground. That was the principle of it, and it was established in 1985 or 1983. That was the policy of the ministry at that time. However, with the water taking permit that was used, it was going to be about 800,000 litres a day of ice-cold, fresh water pumped out into a ditch and it would flow out into Georgian Bay. That would go on forever, for the whole life of that landfill and beyond. Of course, the public has been very opposed to this.

That brings me to what they were saying: "Why in Ontario, why as a developing world country and a leader in the world, are we not doing more in waste management?" I'd really like to get your comments with the time you have remaining on any Canadian companies that have come forward to you with waste management technologies, and whether it's incineration, waste-to-energy. Can you make any comments on that? Or can you even get back to us with something that may have occurred with that ministry?

Hon. John Milloy: Sure. We could certainly get back to you with a complete answer, but I'll make reference to one IDF success story: Plasco Energy Group. And I look to the Chair to see how much time I have, because I could—

The Vice-Chair (Mr. Robert Bailey): A little less than six minutes.

Hon. John Milloy: Oh, okay, so I can spend a minute on this. MRI invested \$4 million in this project. The total cost was \$31 million. The funding helped Plasco Energy Group build an 85-tonne-per-day plasma gasification waste-to-energy demonstration plant in the Ottawa region. This included financing toward project machinery and equipment engineering and design, wages, installation etc. MRI's investment has enabled Plasco to attract an additional \$90 million in financing since 2006, which has allowed Plasco to begin expansion and commercialization of their technology into domestic and international markets.

The Plasco Trail Road—it involves the construction, integration and operation of a facility that receives municipal solid waste and converts that waste in a sealed system without air emissions into a product called syngas and a commercially useful inert solid, or slag. Slag is a

glass-like material—I've actually seen it—useful as a construction aggregate.

For every tonne of municipal solid waste to be processed using the Plasco conversion system, enough energy is generated to power the facility and provide approximately one megawatt of net electricity to the local grid. The electricity generated at the Trail Road project facility there in Ottawa will be delivered to the Hydro One grid by connections via Ottawa Hydro. Plasco diverts more than 99% of waste from landfill and replaces those fossil fuels with clean gas.

I put this on the record: Plasco is still in the process of developing this technology, but there is a fascinating idea where not only are you able to create energy from this waste, but the end point is useful as a construction aggregate. We've made that investment. They're doing that work to move forward, attracting other investors, employing folks. It's one example of taking a new look at a problem around waste.

I don't know if the officials want to add any more. Certainly we can get back to Mr. Dunlop or to the committee with more examples.

Mr. George Ross: We do have a number of other examples in the kind of description we provided this morning on the activities that apply to waste material as well. There are a number of technologies that can be employed to take fibre from different sources and translate them into new materials, and we've made a number of investments through our IDF program in that area as well, and we could follow up with more details, if you'd like.

Mr. Garfield Dunlop: I'd appreciate any information you can provide.

I want to also ask you, do you have a good relationship with the Ministry of the Environment? Because I can tell you one thing, every time there is a landfill placed anywhere, no one wants it. NIMBYism and all that sort of thing comes out. I can tell you that in this particular case, we've seen people from all walks of life come together to object to what could be contamination of water. I would say likely 99.9% of the people we talk to wanted the county and the province, as a group, to work together to build more efficient and more—using high-technical procedures to treat waste. I like the idea of this Plasco that you just mentioned. I believe that's the one former MPP Richard Patten is involved in; I believe he was at one point, anyway.

I think these are really positive developments, and it's the way that I think we're going to have to treat our solid waste in the future. Any information you could provide I would find exciting and I'd like to get that information given to me.

Hon. John Milloy: Certainly we'll provide you with a complete detail of the different projects and follow it up—

Mr. Garfield Dunlop: Okay.

The Vice-Chair (Mr. Robert Bailey): You have a little over two minutes.

Mr. Garfield Dunlop: Mr. Wilson, do you have anything to add?

Mr. Jim Wilson: No. Go ahead.

Mr. Garfield Dunlop: On that again, there is one other question I wanted to ask you and it's a brief question. As you distinguish between your ministry and the Ministry of Economic Development and Trade, what is really the key issue, the key area? The research? I got a sheet here today from Minister Papatello announcing \$3.5 million for an ignition interlock program for a company, I believe, in Georgetown or out in Mississauga, somewhere out there. It was to create jobs and to do research and all that sort of thing with ignition interlock work.

The Vice-Chair (Mr. Robert Bailey): Less than a minute.

Mr. Garfield Dunlop: Okay. So I'm just wondering, what would be the key area? What's the key difference between those two ministries?

Hon. John Milloy: Obviously, the two ministries work very closely together and there are points of interface. I'll try 20 seconds, and perhaps you'll allow my deputy 20 seconds. I think we are very much—if you talk about the continuum—focused more on the early stages, focused on pure research, focused on discovery, knowledge transfer, technology and product development, while economic development and trade would be a little more in the later stages, with established companies. As I say, there is a degree of interface there and overlap.

I think we've got about 20 seconds, Deputy, if you want to add to that.

Mr. George Ross: Right. I think the—

The Vice-Chair (Mr. Robert Bailey): A quick answer, and then maybe we can come back to that.

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Mr. George Ross: Like the Ministry of Economic Development and Trade, our focus, our mandate, is really on creating the jobs of the future. The way we go about that is a balanced investment in research, which creates ideas and talented people that go into the economy that create new industries and new jobs. We share that mandate with the Ministry of Economic Development and Trade and we work very closely with other ministries like the Ministry of the Environment and Ministry of Energy and Infrastructure in our mandate, but our focus is really around translating ideas that are generated in this province, through the wonderful research activities that we have, into new jobs, new products and new opportunities.

The Chair (Mr. Garfield Dunlop): Mr. Bisson, you have 20 minutes.

Mr. Gilles Bisson: I'm just wondering if you have any answers for the previous questions that I had, because I know that you were going to try to look at some of that in the interim.

Mr. George Ross: Yes, we will follow up with those answers as soon as they become available.

Mr. Gilles Bisson: No, I'm asking the person who's here if she has any answers.

Mr. George Ross: You can direct those questions to me and as soon as I have those answers, we'll bring them up to the table for you. We don't have them right yet.

Mr. Gilles Bisson: So when do you expect to have them?

Mr. George Ross: We'll endeavour to have those answers as soon as possible and we can certainly bring as many back tomorrow as we have available.

Mr. Gilles Bisson: All right. One of the reasons that you bring staff here is to be able to respond to some of these questions. This is a bit of a free-flowing exercise, so I would appreciate a little bit more co-operation on the free-flowingness of this. So if there's anything to report back, I wouldn't mind now, because I'm on another committee tomorrow afternoon.

Mr. George Ross: It's absolutely imperative for us to give you good-quality answers, so I'd rather spend the time, make sure that we can answer your questions correctly—

Mr. Gilles Bisson: Some of the stuff is pretty basic, and I would think that the ministry—either the minister, the deputy minister or the staff of the ministry—would be able to respond to some of these things a little bit more freely, Chair.

The Chair (Mr. Garfield Dunlop): I've listened to the deputy, and he wants to make sure his answers are accurate, so as soon as possible—I think that's what we've expected through estimates—

Mr. Gilles Bisson: So why—

Hon. John Milloy: I think, Mr. Bisson—

Mr. Gilles Bisson: Then, to the Chair, then why are we here with all of the ministry staff if they're not here to answer our questions?

The Chair (Mr. Garfield Dunlop): There are certain questions the ministry staff can't answer. I've heard a number of good answers today from the ministry staff. We may not be able to answer them all but he will get the appropriate answers to you.

Mr. Gilles Bisson: What I'm getting at, Chair, is that we have ministry staff that are here. I understand that some of the stuff, they may not be able to answer on the fly, but clearly, as a member of the committee, we have the right to ask the ministry questions, and if we want to direct a question to a particular branch of the ministry, we have the right to do that. To the clerk; I want you to confer. That's the process.

The Chair (Mr. Garfield Dunlop): I'm sorry; they are doing their best to answer the questions. I don't think anything has changed in the way we've run the estimates committee over the last few years. Not every question is answered immediately. Certainly, many tough questions we get a week later or we get the next day or whatever it may be. I've been fairly satisfied, myself, with what I've heard for answers today, so if we could just get your co-operation to ask a few more questions then maybe we'll get them.

Mr. Gilles Bisson: What I'm trying to do is to set a bit of a parameter here, Chair. I've got a number of questions in regard to specific programs and if all I'm going to get is, "I'll respond to you later. I'll give it to you in writing," then what the hell are we doing here? We have a full room of staff here who certainly to God can

answer some of our questions, and if they're not able to because they're a bit too technical or they don't happen to have the figures with them, I understand that, but I want to have an ability to have a bit of a discussion with some of these people about some of these particular programs. There are some questions that I have in regard to the expenditures of the ministry, and it would seem to me that it's not unreasonable to try to get some answers.

The Chair (Mr. Garfield Dunlop): Let's move ahead with some questions and we'll see what they can answer.

Mr. Gilles Bisson: All right. So let me go back to my original question. We were having a discussion in regard to some of the placeholders that were put in place. I was just wondering if there was any other information that she could provide on the placeholders. It's not a baited question, it's not a difficult question; I'm sure you can provide the answer.

Hon. John Milloy: Mr. Bisson, if I may, I think if you review the exchange that took place, because these officials are answering on my behalf, the officials provided you with a fair amount of information. In a few cases they wanted to get back and make sure that that was 100% accurate, and 20 minutes wasn't enough. So I don't think it has been a situation where we've sat here for the 20-minute exchange and said, "We don't have that information." I think I'd say that 80% or 90% of your questions were answered. So I want to come to the defence of my officials, who I think have been very forthcoming.

Mr. Gilles Bisson: Just to be very clear, Minister, I've got a lot of confidence in your staff. I'm sure they're quite competent and I'm not trying to trap them; I'm just trying to get some answers to some questions.

On the placeholders, do you have a better explanation so I can better understand what that is? I'm not trying to trap you or anything. I just want to understand the placeholder, the two \$1,000 ones that we were talking about, under capital assets and—I forget what the other one was—under amortization, if there's a better—

Mr. George Ross: Mr. Bisson, just before we turn this over to my CAO again, just for the record in the committee here, I just want you to know that our job here as staff is to provide you with the best answers we possibly can. We will do that.

Mr. Gilles Bisson: Excellent.

Mr. George Ross: That's our job.

Mr. Gilles Bisson: Perfect.

Mr. George Ross: We need the time to follow up on the questions—

Mr. Gilles Bisson: And I understand that.

Mr. George Ross: You gave us some questions here that do need some more follow-up. You asked a very general question around salary ranges of staff and those sorts of things.

Mr. Gilles Bisson: Yes, and I'm not even going back to that one.

Mr. George Ross: Okay, that's fine. But these types of questions require more follow-up. And you asked some very technical accounting questions of my CAO.

I'm not sure she actually has the answers yet. I won't turn it over to her and—

Mr. Gilles Bisson: I think she has some of them; that's why I've been asking. Okay.

Mr. George Ross: But I can actually get these questions addressed.

Mr. Gilles Bisson: Okay, let's see, all right? So on the amortization and the other, if you have a bit of an explanation, just so I can understand how that works.

Ms. Jeanette Dias D'Souza: Thank you, Deputy. I was trying to confer back at the ranch. In all honesty, I do need to double-check. I have some information that I can provide to you on some of the placeholder ones. If I could direct you to page 47 of the briefing book, there is a little note at the bottom of the page that I think sheds a bit more light. I suspect you may want more than that, though, in terms of the wording around that one placeholder. So that's one piece of information that I can provide to you.

Mr. Gilles Bisson: All right.

Ms. Jeanette Dias D'Souza: Okay? That's one piece.

Mr. Gilles Bisson: Okay, good.

Ms. Jeanette Dias D'Souza: The other placeholder, with all due respect, I really feel I do want to double-check, so I would like to reserve the right to come back to the committee with that information—

Mr. Gilles Bisson: Yes. And again, not to be combative, I know that you were having a bit of a discussion. I thought you had something to provide and I was just looking for that, so that's good.

Ms. Jeanette Dias D'Souza: And if I may, there is one other question that I can answer for you. When I first came up, you wanted to compare transportation and communication. I am able to provide that answer. The information is actually in the book; it's just the format of it. What I can tell you is, I looked at the transportation and communication numbers. They are interim actual numbers for the 2008-09 year.

Mr. Gilles Bisson: What page?

Ms. Jeanette Dias D'Souza: If you look at page 30, under the column "2008-09," under "Interim actuals," the third number down is \$158,455. I took that number. I then went to page 32 and again went to the 2008-09 interim actuals—the third number down is \$232,914—and then went to page 38—

Mr. Gilles Bisson: Now you can understand why I was a little bit confused.

Ms. Jeanette Dias D'Souza: Page 38, the third number down. It's the total of those three numbers, totalling \$777,555, that is the total for the interim actual for 2008-09 for the ministry for transportation and communication.

Mr. Gilles Bisson: Okay. So, ballpark, about \$800,000 last year, compared to \$1.3 million, which is what we're estimating this year—ballpark. Right? Am I understanding it right? The actuals for last year for transportation and communication was roughly \$775,000, \$800,000, whatever the number is. We're estimating \$1.3 million, right?

Ms. Jeanette Dias D'Souza: I'm just turning to the current estimate number to check.

Mr. Gilles Bisson: Excuse me, Deputy? I might have it wrong. Yes, go ahead.

Mr. George Ross: I believe you've got that right, the actuals, yes.

Mr. Gilles Bisson: Okay. So that's why I raised the question. When I was going through the estimates and I was looking at those numbers, I was trying to total them up and I was having a bit of difficulty. What I figured is that this year, the amount that is being asked for is greater than what it was last year. I just wanted to know: Are we expecting something different this year? Is there something as far as activities in the ministry that cause us to want to have the extra money?

Ms. Jeanette Dias D'Souza: I believe that, especially this year, the ministry will continue to be very, very prudent in its transportation and communication number—

Mr. Gilles Bisson: I have no doubt about that.

Ms. Jeanette Dias D'Souza: —increasingly prudent, and I wouldn't be surprised if we did not reach that. But it would be preliminary for me—

Mr. Gilles Bisson: Just so you know where I'm coming from, I'm not saying that you're not prudent. I'm not one to jump all over the public service spending money to travel. That's not what this is all about. Every dollar you spend is well spent, and it's invested for the people of Ontario. I'm not reproaching anything. I'm just wondering why we're estimating \$500,000 more this year than last year. I'm just wondering why that was. Are there other activities that we're going to be involved in?

Ms. Jeanette Dias D'Souza: Some of these processes, in terms of coming up with the interim actuals versus when the information would have been sought from the ministry in terms of planning that number: This number would have originated quite some time ago. So we give the best information that we have at the time and certainly fine-tune as we go along. That would have been our best educated guess. But I do believe we're going to be more prudent.

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Mr. Gilles Bisson: Maybe in my question to the deputy—don't disappear. So in the process, and I understand how it works, you're estimating what you think you're going to need for that line item for this year, and you're asking this Legislature to approve your estimates. What I'm trying to figure out is—and I don't have a problem. If you're doing extra work and you need more money to go out and do it, God bless. I don't have a problem with that. That's not my argument. I'm trying to figure out what the additional ask is for. If you spent roughly \$775,000 in this line item last year and you're coming to us and asking us to approve your estimates for an additional roughly \$500,000, what are you envisioning different this year that you didn't do last year?

Mr. George Ross: We do not have any plans for additional travel or communications that's different than our plan last year. This is really just a process that we do

to try to put the best number into the estimates that we possibly can to reflect the level of activity in that area. We don't have a specific work plan that would point out a \$500 increase in—

Mr. Gilles Bisson: It's \$500,000.

Mr. George Ross: —a \$500,000 increase in any particular—

Mr. Gilles Bisson: So then why wouldn't you have just based it on what your actuals were last year if you don't see anything different this year? You can understand why I'm asking the question. And again, I want to be clear to you: I'm not saying you're doing anything wrong here; I'm just trying to figure out why we've budgeted an extra \$500,000.

Mr. George Ross: We do the best estimates that we can in each of these lines as we're bringing in our submission to government for budget. We can follow up and do some more analysis on what our budget analysis was there.

Mr. Gilles Bisson: Yes, if you could. Perfect. Could you then provide the committee with why it is that you budgeted the extra? What's the rationale?

Mr. George Ross: Yes, we will endeavour to get that answer back to the committee.

Mr. Gilles Bisson: Okay, sooner rather than later. That's good.

Mr. George Ross: If I could, just on one of your other questions, if I may—because I want to make sure we're answering as much as we can. One of your questions related to a provision, a placeholder, as our CAO called it, for loans and investments—\$1,000. I'm looking at page 26. I just wanted to give you an example of the type of program where a loan may be available to a company.

Under our biopharmaceutical investment program, we do have the ability to offer loans to the companies instead of grants. We have not had any uptake on that particular provision. The companies have not come to us looking for loans. If they did and if it was an approved project, that's where it would account for that loan in that line.

Mr. Gilles Bisson: Yeah, and you're setting the line there in the event that you've got—

Mr. George Ross: That's right, exactly. We need to—I think the term is “keep the line open,” just in case there is—

Mr. Gilles Bisson: No, I understand. It makes sense.

Under “Services”—services are a little bit up this year over last year as well. It's under table 3, on page 26. Again, it's that thing where you've got to go and add the numbers from the different pages, so please bear with me. I may have my numbers a bit wrong here. Services are estimated at \$10 million, which is up somewhat from last year, right? Last year, I think it was around \$8 million, if I remember correctly.

Mr. George Ross: I think it's important to compare apples and apples in this because we're comparing actual expenditures with budget items. We would have to go back and take a look at what the actual budgeted amount was for those lines to do an actual comparison here, and, as I said, we can follow up with that.

Mr. Gilles Bisson: But I guess my question is, this year you're budgeting—if I remember correctly, as I added up the numbers, and I'm just doing this by memory, it was around \$2 million-plus above and beyond what you spent last year. Am I wrong in that calculation?

Ms. Jeanette Dias D'Souza: I'm sorry, I have not added the disaggregated numbers—

Mr. Gilles Bisson: Okay, maybe when we're back together you can explain to me the rationale. Is there additional work that the ministry is doing? That's legit. If you say to me, “We have additional programs and we're doing the following things that we didn't do last year, and therefore we budgeted,” then I understand the rationale. But again, you're asking us to approve your estimates and I'm looking at the expenditures and there are some good increases here. They might be for very good reasons; I don't quibble. But you've got, as I see it, about \$2 million-plus additional that you're asking for this year over last year for services, and what I'm trying to figure out is, why the additional \$2 million? And your wages are up a bit, but I take it that's mostly just contractual stuff, right? You haven't really hired any additional people this year, Deputy?

Mr. George Ross: We've had some small increase in the number of full-time equivalents that I was mentioning that have been allocated to the ministry. I can give you the exact numbers. I need to follow up on that, but our basic workforce has stayed stable over a number of years.

Mr. Gilles Bisson: That was my read. It's pretty well the same as it was.

On page 33—and I'm not sure who answers these questions. These are your various programs and stuff. The social venture capital fund that was announced: I think it was announced in the previous budget. Am I correct? The social venture capital fund—when was that announced? About a year ago, I guess.

Mr. George Ross: I believe it was announced in—I'll have to check this, but it was either the 2007 or 2008 budget.

Mr. Gilles Bisson: That's what I kind of remember. I'm just going by memory. There was \$20 million set aside for that. Has any of that been expended?

Mr. George Ross: No, that item was delayed. The implementation of that item was delayed in the fall economic statement.

Mr. Gilles Bisson: Oh, that's right. I forgot about that. That's the one that was announced by the minister, by Duncan.

Mr. George Ross: Yes. We still are investing in the social venture capital space—social innovation, I should say—through an initiative called SiG@MaRS; that's Social Innovation Generation at MaRS. That program is a multi-year program run by MaRS on behalf of the government, and it's to provide specific mentorship for companies that are working in the social space for—

Mr. Gilles Bisson: Can you explain that a little bit better?

Mr. George Ross: I can, yes. There are certain companies that have a dual bottom-line mandate. They are money-making, profit-oriented companies, but the ser-

vices that they provide and the business that they provide are focused on the social good, so these are tools, products and techniques that are marketed and that actually have a very, very clear social or environmental benefit. This is an emerging space. It's a global space where a lot of entrepreneurs are combining their commitment to social programs with their desire to make a good living and to run prosperous businesses. They have a particular set of needs for mentorship and for business management skills, and that program being run on our behalf through MaRS provides that kind of support for those companies.

Mr. Gilles Bisson: So the \$20 million that was allocated—

The Chair (Mr. Garfield Dunlop): You have three minutes left in this round, by the way.

Mr. Gilles Bisson: Thank you. The \$20 million on the social venture capital, although allocated, has not been—you haven't expended the money yet. I'm correct, right?

Mr. George Ross: That's right. That program has been paused.

Mr. Gilles Bisson: And the Ontario venture capital fund—is it the same story there? There was, according to this, about \$90 million. Has that been expended?

Mr. George Ross: The commitment to the Ontario venture capital fund has been made, as I said, through a limited partnership, so we're a—

Mr. Gilles Bisson: So it has the same status?

Mr. George Ross: No, of course not.

Mr. Gilles Bisson: No?

Mr. George Ross: No, no. The \$90 million that the government has put into the Ontario venture capital fund is, in fact, working. I referenced some commitments that TD Capital, which is our agent running that program for us, has made. So that money is working.

Mr. Gilles Bisson: Has it all been expended now, the \$90 million? I would think not, eh?

Mr. George Ross: I'll have to get back with the actual cash flow on that. I think there is a commitment that has been made. Under \$40 million—I think it's \$37 million worth of commitments that have been made. So the money is out there working.

Mr. Gilles Bisson: Can you provide this committee with a bit of detail as to where and how and how much, and all that stuff?

Mr. George Ross: I will endeavour to get that information back, yes.

Mr. Gilles Bisson: Perfect. Boy, where do I go in two minutes, because this is a longer one.

The Ontario Institute for Cancer Research: I have no problem with what you're doing, but why is it under your particular ministry? Wasn't that at one time somewhere else, or am I getting the programs mixed up? The Ontario

Institute for Cancer Research: You've got almost \$3 million attributed to that in your estimates. Has that always been funded through your ministry?

Mr. George Ross: Yes, it has. And you may be confusing the Institute for Cancer Research with Cancer Care Ontario or some of the organizations that are focused on care. This is truly a research and commercialization activity.

Mr. Gilles Bisson: When did that start, this particular institute? In 2006?

Mr. George Ross: That was—if somebody can give me the exact dates. It was a couple of years ago that we finalized the contract with them. It's a multi-year contract.

Mr. Gilles Bisson: I was reading in your briefing notes some of the details provided in regard to that particular institute. Is there any way to be able to get a bit of a breakdown of how that money is spent?

Mr. George Ross: Could you be a little bit more specific?

Mr. Gilles Bisson: I'm not clear, in reading both the note that was presented to us with the estimates and the line item, on exactly how that money is spent. It's a stand-alone institute, is what I figure.

Mr. George Ross: Yes, it is.

Mr. Gilles Bisson: And you flow the money to them. How much of that is spent on research and how much of that is spent on administration etc., is what I'm trying to figure out.

The Chair (Mr. Garfield Dunlop): You've only got about 20 seconds to do it.

Mr. George Ross: We can follow up. That is a stand-alone institute that was established as a result of the government's commitment to this space. Their primary role—they really have three significant roles. One of them is to set a strategy for cancer research in Ontario, and they've done that under the leadership of Dr. Tom Hudson, who is their lead in the Institute for Cancer Research. They are research funders, so consistent with their strategic direction, they actually provide research funding to institutions, hospitals and universities across Ontario. They also have a commercialization requirement under contract to us. So all of this relationship with that organization is governed by a contract and a plan that we have with them.

The Chair (Mr. Garfield Dunlop): Thank you very much to the third party and to the minister and staff at the Ministry of Research and Innovation. We'll adjourn now until 3:30 tomorrow afternoon. Thank you very much, everyone. The committee is adjourned.

The committee adjourned at 1800.

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Standing Committee on Estimates

Ministry of Research
and Innovation

Comité permanent des budgets des dépenses

Ministère de la Recherche
et de l'Innovation

Chair: Garfield Dunlop
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 16 September 2009

Mercredi 16 septembre 2009

*The committee met at 1550 in room 151.*MINISTRY OF RESEARCH
AND INNOVATION

The Chair (Mr. Garfield Dunlop): Okay. We'll reconvene the meeting. We're here to resume the consideration of the estimates of the Ministry of Research and Innovation. There's a total of three hours and 50 minutes remaining, and when the committee was adjourned, the third party had finished their 20 minutes, so we'll be moving on to the government members. Again, I want to welcome Minister Milloy and all the staff of the Ministry of Research and Innovation here today. So we can now start with Mr. Delaney and the government members.

Mr. Bob Delaney: As we are approaching the week-end of the end of Ramadan and the start of the Eid celebrations and as I happen to be flanked by three of my Muslim colleagues, I'd just like to begin by wishing everybody Eid Mubarak, and also to note that my replacement for the SPA in the Ministry of Research and Innovation is sitting right beside me, Dr. Reza Moridi. I'd just like to put on the record what a fine, fine person this man is. He brings to bear his PhD in physics which I am sure will keep him challenged and stimulated. So, in fact, the estimates today features a gathering of the physics caucus of the 39th Parliament and we, the two members of the physics caucus, are always glad to be here.

I think today I'm going to talk a little bit about the emerging digital economy in Ontario. In the course of the time that I was privileged to serve as the parliamentary assistant and attend some of the events that the ministry focused on, one of them that came near and dear to my heart, because I'd spent time since the mid 1980s involved in software development, was to find to my surprise that Canada is short some 50,000 software development specialists. This always struck me as incredible. If there's one topic that if, as a young man or a young woman, you'd like to study in school and think to yourself, "Gosh, when I graduate I want to earn really good dollars. I want to have great opportunities for promotion. I'd like to be able to travel the world. I wouldn't like there to be any professional barriers to me practising my trade or my profession and I'd like a lifestyle that really enables me to enjoy myself," I've always been mystified as to why more people are not

choosing software development because it offers all of those things.

I can remember during the years when, as one of Microsoft's MVPs—I was one of the first in Canada—every year they would take us down to Redmond, Washington, for the annual MVP summit. You got a chance to see, in Redmond, what life is actually like if you work in the digital economy and in particular, in this case, software development. I remember on my first trip there—aside from seeing the big chunk of the Berlin Wall that Bill Gates bought and erected on the campus in Redmond—that at one point I was a little thirsty and I saw what looked like this soft drink vending machine. I was looking at it and I thought, "Well, where do I put my money in?" This guy walks up and he just opens it and reaches in and pulls out whatever it was he wanted to drink. He looked at me and said, "Oh, that's how it works here at Microsoft. If you want something, just go and take it." Initially I did, rather reluctantly, and a lot of the other people who had been there more often than I had said, "Oh yeah, absolutely. That's pretty much how they treat you in the software biz."

We look at some of the jockeying back and forth for position in the corporate world, and what kind of office am I going to have? You have an office that offers you quiet and a place to think if you're in software development. You work in what are considered to be very good conditions and you're extremely well taken care of by your company. It's intellectually stimulating work, and the rule of thumb in that trade is in any given calendar year you should be devoting at least 10 days of effort to upgrading your skills in professional development.

In fact, to bring it back close to the area in which our minister serves, I can remember chatting with a lot of the Canadians—and there are a ton of Canadians all throughout the software development business, in particular with Microsoft in Redmond—and I remember chatting with one who had done a lot of recruiting. He said to me at the time, "When it comes to finding good people to work in software development, one of the first places we always look is Canada." I'd heard several times an analogy that goes a little bit like this: "The University of Waterloo is to software development what a Harvard MBA is to investment banking." The top companies in software development all descend on Canada, and they're looking at our universities as the place where they can find what they consider to be their raw material: the very best

people who can write code, manage projects and see a project from inception all the way through to fruition.

In this vein, I watched software projects go through during the time I was a beta tester. I think the key benchmark is hitting your delivery date. In most cases, by the time you get a project through to the point where you've got your beta 1, your beta 2 and you have what's then called a "release candidate," a piece of software that's essentially feature-complete, at that point, when it's put back out into the user community and you're there to beta-test it and run it through its paces, what you have to find is what's called a "showstopper." If you can find something that crashes a system and you can reliably repeat the crash, then you've got something.

But throughout the beta process, as beta testers we would take a piece of software—in my case, my product was Windows—and our job was to give it a good shake and see whether or not we could find a flaw in the system or in the early stages of the beta suggest a feature or a tweak that may not be there. I can look at Microsoft Windows today and count up about a dozen features and say I contributed to the development of these things, particularly in mail merge.

It's now a very different world than what it was when I was originally asked to be a beta tester. Back at that time, I was having an issue with Word version 2 and Excel version 3. And Access as it exists today was simply not a product; they didn't have a relational database. I was trying to do a mail merge with about 8,000 or so names. I called up what was then free and unlimited tech support and a guy on the other end said, "Just one moment, Mr. Delaney." I could hear the tippety, tippety tap as he was querying his database. In the end he said, "Sir, the product wasn't designed to do what you're doing. How is it that you're managing to do what you're doing?" So I explained what I was trying to do and he said, "Well, it just wasn't built to do that." He said, "Can I call you back?" which I thought was a little strange because I called to ask the question. I said sure, and I gave him my number and all that.

He called me back and said, "We'd like to ask you whether or not you'd like to beta-test this product in its next version." I said yes and then I moved up to beta-testing Windows. It gave you a real perspective into some of the challenges that we face here around the development of electronic systems in the province of Ontario, in defining what exactly your product is going to be at the outset.

A lot of the discipline in software development, which is something that we'll be dealing with in some of the support that MRI has given, is in deciding what this piece of software is going to do. You sort of have to close it off and say, "We've decided what it's going to do and now we'll build it."

For example if we, at our age, look back to what games were like when we knew computer games, we'd be thinking of things like Pong, which almost any beginning programmer now can do in about an hour and a half of code writing, Pac-Man and Space Invaders. Those

things in the 1980s on an eight-bit platform have certainly given way to what the Ministry of Research and Innovation is now tackling, which would be very complex products that involve virtual reality, elaborate sets, voice/video streaming, Internet-linked gaming and things like that.

The products that a game maker is building today are very, very complex, interrelated pieces of software that are often played by overlaying them with Internet connectivity to allow a TCP/IP connection or a broadband Internet connection to be able to connect you with a player who could be half a world away. Even in simple applications, games like chess and bridge, what you've got to have at the server level is a server capable of managing hundreds or thousands of simultaneous games, processing the games and being able to keep track of who's playing whom, what information you store and what the state of the game is should you choose to adjourn the game.

1600

So what used to be an exercise in sitting down to wrap the mind of one person around the building of a game is now something that's very much a team sport and is practised by, generally, young men and women for whom this is really a physical ordeal. They'll sit down and work for upwards of 10, 16 hours at a stretch. I can't compete in that vein. I'm just a weekend code jockey, but still, you sit down, you're working on a little problem and before you realize it, you think to yourself, "Jeez, I'm getting a little tired." You look at your wristwatch and think, "It's 2 in the morning. Where did the time go? I've been here for four and a half hours" working on whatever the particular problem is. As well, the toolset that people are using now is, at the same time, more powerful but also involves a much steeper learning curve.

About seven years ago, Microsoft introduced a new set of tools called the .NET platform that enabled application developers to have access to enormous libraries of prewritten code. Rather than figuring out how to talk to the hardware and how to do what are called API—applications program interface functions—you could actually learn how to use the .NET libraries and in a line or two of code you could do what might otherwise have taken you days or weeks of work and hundreds or thousands of lines of code to do. You're also using a standard that everybody else is using, which enables much more effective debugging of a program and much quicker development.

In this vein, Chair, I was very interested when in July Premier McGuinty announced that one of the world's leading game developers, and that's Ubisoft, whose work I very much admire, is coming to—and they could choose anywhere in the world. This is a company that everybody wants a piece of because the kind of lifestyle that I described for the people who work there certainly exists for game developers. If you can imagine the kind of person, who would generally be a young man, who would be working on the development of the game, it's an interesting environment to work in.

They could choose to go anywhere in the world, but the place they chose was Ontario, and specifically Toronto, to establish a major videogame studio, which in that field is very much like saying that the world is coming here to make movies, which they do, and all of the ancillary support services that the movie people can find here, in making a videogame you're going to need some of those things. You really need them to the max because you're doing much the same thing. You've got to shoot a scene and you've got to connect the scene with code to the process of doing the game so that in the course of doing the game, at some point the player or players are going to see that scene and then they have to navigate through it—something that a conventional cinematographer doesn't have to do. He shoots the scene, the scene goes in sequence, they put in the background music and whatever other special effects, and then they move on to the next one. But in doing a game, when the scene you've shot is being displayed, you've got to be able to do something interactively with the scene that you've shot, which is probably in order of magnitude more complex in many ways than simply shooting a scene for a movie.

It's not surprising, then, that that's going to create some 800 high-quality jobs over a span of about 10 years. The thing about attracting a firm like that is that you often, as it puts down roots, create the critical mass for so many others to come here and say, "That's where I can find the kind of programmers who have the experience in doing just that."

What I'd like to ask the minister, with this somewhat extended preamble, is what MRI is doing to—

The Chair (Mr. Garfield Dunlop): We've got one of those planned, too.

Mr. Bob Delaney: —support talent and creativity in what I, very frankly, found—I'm sorry if my enthusiasm for the field has kind of shone through. What's MRI doing to support our talent and creativity in that very exciting field?

Hon. John Milloy: Thank you very much, Mr. Delaney, for your comments, which I think highlighted some of the good-news stories of what's happening in our province, and some areas of growth. Really, much of what we've been talking about here at estimates as a government is, where are the areas of growth? Where are the areas where jobs are going to be in the future?

Certainly, I think you hit a very important area when we speak about Ontario's, if you want to call it, entertainment and creative industries, the gaming industry. I'm told that estimates are that it's going to generate almost \$12.2 billion of our domestic product this year. It's a pretty significant part of our economy, and in the past 10 years employment in this cluster has grown at twice the rate of the overall economy, creating over 80,000 new jobs. So it's a very important part of the Ontario economy and a part of the future moving forward—not simply games, but digital media in general.

At MRI, we've invested about \$3.5 million in funding to digital media research projects that will, I think, develop tomorrow's cohort of skilled digital media and

high-tech workers. This funding support for digital media is part of a \$37.4-million investment made through the Ontario Research Fund in September 2008.

I mentioned yesterday, in outlining our support and in talking about our programming, that I think often the best way to explain it or communicate it is to give examples of some of the success stories of where we're partnering with institutions and the work that's going on. You referenced the University of Waterloo—of course, near and dear to my heart as I'm one of several representatives from that community. Members may know that the university has branched out with a satellite campus in Stratford whose whole focus is on the area of digital media.

I think it's worth referencing that the province came to the table in March 2008 with an investment of \$10 million to help the University of Waterloo create this new campus, which is focused on global business and digital media. The aim of the campus is to generate the next generation of digital media researchers, entrepreneurs, products and services by bringing together Stratford's renowned strengths in arts and culture and, of course, the University of Waterloo's outstanding work in the area of technology. Areas of digital media research and development: The new campus will include such areas as mobile, wireless sound, video gaming, web design and animation.

Closer to home, we can also reference the work that's going on at the Ontario College of Art and Design. They've undertaken a digital futures initiative, which is comprised of a digital media and interactive design lab that will bring together students and private sector partners from a cross-section of industries. The lab will graduate students who have business and computer science knowledge as well as industrial design and artistic content creation skills.

We are investing \$9 million in OCAD to train this next generation of digital media designers and entrepreneurs. OCAD's plan is to use these funds for this initiative and create this digital media and interactive design lab which, as I say, will bring together students as well as private sector partners from a cross-section of industries.

Again, here's a case where we have two outstanding Ontario institutions that are partnering with industry to create individuals, graduates, who will have the skills needed to participate in the economy and move forward.

Mr. Delaney mentioned Ubisoft, and I'd be remiss to not reference that. Now, Ubisoft actually—the funding for that came from economic development and trade, but as I believe I referenced several times yesterday, we of course work very closely together. We were all pleased that Ubisoft chose Ontario because of our talented workforce, our competitive tax environment and strong ties with the film industry. Ubisoft will be investing over half a billion dollars in a new studio which will begin operation later this year.

The Chair (Mr. Garfield Dunlop): Just a few seconds, Minister.

1610

Hon. John Milloy: So there are some examples of how our ministry is working both with institutions and

companies and, through them, all sorts of partners to lay the ground for this very exciting industry which really represents a big part of the future for Ontario.

The Chair (Mr. Garfield Dunlop): Thank you very much, Minister.

The Vice-Chair (Mr. Robert Bailey): We'll now move to Mr. Dunlop from the official opposition.

Mr. Garfield Dunlop: Thank you very much, Minister. I've kind of got a long preamble as well, but I didn't expect I'd get a chance to—

Interjection: It's going around.

Mr. Garfield Dunlop: It's interesting that you're here today as a dual minister. I know that the questions we're asking are really on innovation and research, but you've got an exciting ministry when you can deal with that along with universities.

You've mentioned two or three times some of the work you've done with Lakehead, U of T, Waterloo and these things, and they are exciting when you hear some of the projects and initiatives that are taking place.

I wanted to zero in on an exciting project in Simcoe county, and it's the expansion of Lakehead University, a southern campus. I wanted to put on the record first of all that the excitement of it is that Simcoe county, or central Ontario, doesn't—though they've got great courses with university partnerships, the graduating rates in central Ontario are around 13%, people who actually hold university degrees as compared to the provincial average of around 25%. So I wanted to put a few things on the record, and then really what I'm going to ask you in the end is for the staff of MRI to look carefully for potential proposals and projects where research and innovation could help a community like Orillia and Lakehead University.

I wanted to put this on the record and I appreciate your patience as I read through it:

"In January 2005, Lakehead University's board of governors agreed that the university should pursue a strategic objective to create a branch campus in Orillia. In September 2006, the Orillia campus opened its doors at Heritage Place with a charter class of 131 students. The following year enrolment grew to 308 students, then 437 in 2008, and 800 students currently."

One of the neat things as we work through this satellite campus—we visited some of the other satellite campuses in Ontario, and one of the exciting campuses I noticed was the one in Brantford from Wilfrid Laurier, because we're actually talking to Wilfrid Laurier as well.

"There are a host of reasons why the objectives make good sense for Lakehead University, for Simcoe county, the province of Ontario, and Canada.

"For Lakehead University and Thunder Bay, Lakehead—Orillia will

"—contribute to the university's sustainability as a comprehensive university with a national reputation for value-added undergraduate education and a growing reputation for research excellence"—this is why I really wanted to talk to MRI today;

"—provide substantive growth of Lakehead University's undergraduate enrolment;

"—increase revenues to support both the Thunder Bay and Orillia campuses;

"—enhance the university's ability to attract students from the GTA (greater Toronto area) who would not consider going to Thunder Bay;

"—increase opportunities for innovative degree programming;

"—increase distributed learning opportunities and optimize use of Lakehead's e-learning capacity;

"—provide a physical and political presence in southern Ontario and improve the visibility and marketing of Lakehead University;

"—establish a broader fundraising base.

"For Simcoe county, Lakehead—Orillia will

"—provide the population with the skills and knowledge required to make the transition to a knowledge-based economy;

"—provide the means to raise the percentage of university graduates in the county from the current 13% ... to the provincial average of 25%...;

"—create accessible university education to a fast-growing population for which there are limited options in the immediate area;

"—provide attractive, high-quality post-secondary education programs that will attract people from across southern Ontario and further afield;

"—promote research and development initiatives in social and environmental sustainability;

"—contribute to the economic growth of Simcoe county through the creation of direct and indirect jobs;

"—establish an important public facility for Simcoe county;

"—be a demonstration project of sustainable development and environmental management—the first LEED platinum campus in Canada;

"—be an active communal participant, responding to the needs of the area, creating new opportunities for business and the wider community.

"For the province of Ontario, Lakehead—Orillia will:

"—contribute part of the solution to provide spaces for the anticipated increases in the number of students from the GTA trying to find a university within commuting distance. Orillia is readily accessible to the northern GTA (e.g. Vaughan, Newmarket, Aurora, Alliston, Bradford, and Barrie) and reverses the commute along both the Highway 400 corridor and the GO system;

"—meet the needs of students with degree programs of known quality delivered by an established university thoroughly familiar with the requirements of existing quality assurance frameworks;

"—meet the needs of these students in a highly cost-effective manner. It is less expensive to expand the services of an existing institution than it is to establish a new one, especially, an institution such as Lakehead—Orillia which is now entering its fourth year of operation and has already received significant financial support

from the city of Orillia, Simcoe county and a growing list of donors.

“For Canada, Lakehead” campus “Orillia will:

—provide the population with the skills and knowledge required to make the transition to a knowledge-based economy;

—provide research on social and environmental sustainability;

—be a demonstration project of sustainable development and environmental management,” the first LEED platinum campus in our country, as I mentioned earlier;

—be an active community participant, responding to the needs of the area, creating new opportunities for business and the wider community;

—continue to provide aboriginal people with access to university programs and services.”

I want to put on an example of some of the research that’s happening there already at this particular campus.

“On Orillia’s research contribution:

“This fall, three Orillia campus researchers will be funded \$165,000 over the next two years by Environment Canada and its Lake Simcoe clean-up fund (LSCUF) to study the role of wetlands as a nutrient buffer.”

Dr. Nandakumar Kanavillil, principal project investigator, Orillia campus, with co-investigators Dr. Sreekumar Kurissery, Orillia campus, and Dr. Mary Thornbush, and Dr. Peter Lee, biology, from the Thunder Bay campus, “will focus their study on Mill Creek and Victoria Point wetlands in Orillia, Ontario. These areas will be extensively sampled to monitor their roles in the reduction of nutrient influx into the northwestern part of Lake Simcoe, focusing particularly on total phosphorus and phosphates. The study will involve the collection and analysis of both water and sediment samples, in addition to plant and invertebrate species from different localities of these wetlands for a period of two years starting from this fall. In selected areas of the wetlands, wild rice seeding experiments will be carried out to test their growth-induced nutrient reduction in the water column and sediment. The proposed study is therefore expected to result in the evaluation of: (a) the existing wetlands as nutrient buffer zones, and (b) the ability of wild rice plants to reduce nutrient concentration in the water, thus reducing their release into Mill Creek and the Lake Simcoe.

“Dr. Nanda Kanavillil notes that ‘this is an excellent opportunity for the faculty in Orillia campus to shoulder the responsibility of protecting Lake Simcoe and its watershed by minimizing the phosphorus pollution. This being the first major environmental research funding received at Orillia campus, we are all very happy and excited to go out and start working.’

“The Lake Simcoe clean-up fund was established to provide financial and technical support toward projects that will improve the water quality of Lake Simcoe. The fund achieves this goal by supporting the implementation of high-impact, priority projects. These include projects aimed at reducing phosphorus inputs, rehabilitating habitats to achieve nutrient reductions, restoring the cold-

water fishery in Lake Simcoe, and enhancing research and monitoring capacities deemed essential for the restoration of Lake Simcoe and its watershed. The fund also supports studies that help clarify the current conditions of and help track improvements in the water and environmental health of Lake Simcoe.”

This particular project on the cleanup of Lake Simcoe fits very tidily into the whole fact that the government of Ontario has proceeded with the Lake Simcoe Protection Act and the Lake Simcoe protection plan, and the government of Canada has provided \$30 million for the cleanup of Lake Simcoe as well. So I think, up in central Ontario, the water quality in Lake Simcoe is a very, very high priority, and we’re already seeing improvements made as a result of investments in these areas.

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But really what I was trying to get at today, Minister, was to say that the project in Orillia is moving ahead quite nicely. I know right now—I just want to put this on the record very briefly, because we’re not talking colleges, training and universities—the federal government, through their knowledge-based fund, has provided \$13 million in capital for the new LEED platinum campus. Minister Clement announced that a few weeks ago. But here today, I was wondering if we could get any comments from yourself or from the deputy or anyone here about how you feel the Lakehead campus could fit into the priorities or some of the programs offered by the Ministry of Research and Innovation.

I know I’ve rambled on a lot here, but I was wondering if you could comment on that and if there is a way we could set up a closer working network of people to work with the Lakehead Orillia campus on programming.

Hon. John Milloy: Sure. Thank you for the question. I think you correctly pointed out there are some aspects of this—of course, I’m in the awkward spot that I actually wear two hats. There are some aspects where, if I was called for TCU, we could take the conversation in one direction, but as the focus today is MRI, we’ll just talk about the support for research that goes on at Ontario’s universities—and Ontario’s colleges. I always like to underline that.

We have a number of funding mechanisms through the Ontario Research Fund. We have a research infrastructure program and a research excellence program; they’re just two of the sort of flagships. They are based on an arm’s-length peer review panel system whereby applications are assessed, and we look for excellence in terms of coming forward. We’ve talked before at this committee of our priorities, and obviously, in the environmental field and the life sciences field and digital media, we’ve been able to identify excellence across the board, across the province.

Yesterday I spent a few minutes in one of my responses talking about how it’s not always about the centres that immediately come to mind—the Torontos, the Waterloos, the Ottawas. Lakehead’s Thunder Bay campus has participated in a number of research initiatives where they’ve come forward with areas of excel-

lence. Certainly, we're always happy to work with researchers to point them in the right direction and make sure their research proposals that come forward are given full consideration. As my predecessor always used to say, we like to take the political science out of science. These are done by peer review panels, and the recommendations that come forward are based on the best science and the excellence moving forward.

As I say, I know there is research that is going on in institutions across this province, including Lakehead, which have been recipients of these types of awards. There is other programming that also comes forward from the ministry for universities and colleges. I mentioned the early researcher awards yesterday, a post-doctoral fellowship program. These are shared by all institutions because we have excellence. Many institutions, the smaller institutions, have niche areas, and obviously you've talked about the environment around where the work is going on and, of course, the ability to capitalize on those. I'm thinking, of course, in the Thunder Bay example, of the forestry industry and related studies that are going on there and the work that's there.

I don't know, Deputy, if you want to add to my answer.

Mr. George Ross: Yes. We've been very active in working with Thunder Bay on their research program. Over the last several years we've seen a very concerted effort put in place by Lakehead to really develop a research strategy. There are some key areas where they are focusing their activities and their applications to various funding programs. In particular, the area of the bioeconomy is very big for Lakehead, and we work very closely with them on that strategy. In 2006, I believe the year-end, there was an investment of \$8 million to support two new research chairs in bioeconomy-related fields. So they are focusing their research activities there. They've been successful in a number of competitions that the ministry has run and they will continue to have access to those.

For example, in our research infrastructure program, which is the part of the Ontario Research Fund that supports capital—so equipment and building of laboratory space—they've had 13 projects for over \$10 million supported over the last several years. Similarly, when it comes to research excellence, which is the operating support, close to \$9 million, over \$8.5 million, has gone into 30 projects there since 2003. They are doing a good job in focusing their research activities and developing capacity in the institution to be able to compete in these granting processes that we run.

Mr. Garfield Dunlop: I appreciate those answers. I probably wouldn't even have put this on the record, and I didn't, for one second, mean to put you in any kind of an awkward position, Minister, because of your dual role, but you had mentioned the research grants yesterday at Lakehead and U of T, and I find them fairly exciting. I guess I'm more motivated and excited about this project than other people in the room would be because it's

happening in my backyard. The cranes are in this field right now, and they're building a \$51-million building as phase one. It is exciting for the community, and there's a lot of support from it.

I just hope that as we move forward, we can hope that the partnering through TCU and MRI can be actively involved. I think there are going to be very good news stories. One of the exciting things is, these projects tend to bring a lot of interesting characters along with them, people who get on side and like to fundraise and come up with ideas for programming; they're all coming to the table now as we speak, so there's certainly a lot of excitement. I wanted to have that on the record at some point during our deliberations. Thank you for those answers on that, unless you had anything else to that that you could say on it.

The Acting Chair (Mr. Robert Bailey): You've got three and a half minutes.

Mr. George Ross: We focused, Mr. Dunlop, some of our answers here on our research funding programs, and the other part of our ministry mandate is to support the growth of innovative companies and to support entrepreneurs.

Yesterday, the minister mentioned the work we've done to review our commercialization programs. The goal of that review and the new commercialization innovation network that will be established in the province is really to enhance the ability of innovators that come out of institutions like Lakehead or come out of local activities to get support for growing their businesses and taking their businesses forward and receiving capital funding. So the types of activities that will emerge out of that campus and out of Lakehead, as it fills its research strengths, will also be supported by support for commercialization activities. That's where the research activity that's supported by the ministry and by the government turns into jobs and companies. Beyond just the funding of the research, we also will have a program in place to support the entrepreneurs that you have locally there as well.

Mr. Garfield Dunlop: Yes, and that's very, very positive. I think in some cases, in government, we tend to look at ministries and we attack the worst things in them or we come out with the headlines, but quite often we come up with a ministry like MRI, and there are some exciting things happening here. Jim and I were both saying, it's not easy questioning this particular ministry because there are some fairly good news stories happening here. We want to make sure that we acknowledge that too. There are other ministries we're not quite as happy with. But, anyhow, I do appreciate—

Interjections.

Mr. Garfield Dunlop: We've been very pleased in Simcoe county to have had Georgian College grow their university partnership programs. I know, Minister, you're up for an announcement. We've had some great support from all different political parties with that programming, going back to yourself and Dianne Cunningham etc. But the southern Ontario campus of Lakehead is quite

exciting, and we've really got into it when we started researching this out a few years ago, and went, as I mentioned earlier, to see what they'd done in Brantford with Wilfrid Laurier's campus in Brantford, Ontario. I think it basically revitalized the downtown. There are some very positive things happening, so I appreciate very much your comments on this—

The Acting Chair (Mr. Robert Bailey): Thirty seconds.

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Mr. Garfield Dunlop: Really, what I'm asking for here is for you folks to take a serious look at this Orillia campus down the road. I'm happy to give you a tour, happy to talk to all the principals in it. It's very exciting for the future of the community.

The Acting Chair (Mr. Robert Bailey): Thank you, Mr. Dunlop.

The Chair (Mr. Garfield Dunlop): Okay. Third party, you now have 20 minutes.

Mr. Michael Prue: Thank you very much. I have no shopping list wish list and, therefore, hence no preface, so let's get right into questions.

Over \$55 million of the ministry's operating budget goes to the commercialization and innovation network support program. It's probably, if not the biggest, at least one of the biggest line items in the ministry budget. Can you give me some examples of what this is funding?

Hon. John Milloy: Sure. Part of our commercialization strategy involves our partnerships that we have with a number of different regional organizations and some provincial organizations. The ones that come to mind are MaRS, very close at hand, and the Ontario Centres of Excellence, who do very important work in terms of linking entrepreneurs with researchers, researchers with ideas with entrepreneurs etc., so it's a network across the province.

Yesterday, we had a chance to talk about some of the reforms that we want to bring forward and make sure that that network is more accessible. I think the deputy, in his answer to Mr. Dunlop, spoke a little bit about the direction we're going.

Just to give you a little more specifics, I'll ask officials to perhaps provide you with a little more of the technical side of things and where some of the money goes.

Mr. George Ross: I'm going to ask our director of commercialization, Bill Mantel, to come to the table, Mr. Chair—

Interruption.

The Chair (Mr. Garfield Dunlop): I'm not sure if somebody's coming through the wall or not.

Mr. George Ross: —if that's okay. Mr. Mantel is our director responsible for our commercialization activities. This is Bill Mantel, director of commercialization programs for the Ministry of Research and Innovation.

The best way, Mr. Prue, to describe the programs that support this commercialization line in our budget is really to think about a continuum of research, technology development, business acceleration and access to markets. This is the way we think of the innovation eco-

system in Ontario where ideas that emerge out of research institutions, teaching hospitals or in industry for that matter—in research labs in industry—find their way into products and services that require development, demonstration and support to get them commercialized and turn them into companies.

We have a number of programs in the space that support technology development. For example, our Ideas to Market program is one that I mentioned. I mentioned this in some of the answers yesterday, where we implemented something called the investment accelerator fund. This was a seed stage capital program that went into small start-up companies that were struggling getting their first capital support.

As a companion to that, we've also implemented a business mentorship program. We deliver these programs through our regional innovation partners. So our flagship program—the Ontario Centres of Excellence is one of those partners, MaRS here in Toronto, and there's a series of these organizations across the province that support this.

The business mentorship program is really to provide business support and seasoned experience in growing businesses, to help them with those small companies.

There are a number of other initiatives under that technology and product development field that we deliver as well to help these companies. It's really about grooming the products and the technology and getting them into a commercial state.

All of this leads to the ability of these companies, hopefully, to compete on the global stage, to sell their products and get customers. This is where our venture capital programs come into play. This is outside of the specific line item you're talking about here.

The point I wanted to make is, as we deliver these programs, we continually think about a business ecosystem that starts with the idea and the knowledge that's created by the research investment we make and turns into access to global markets.

What I'd like to do is turn it over to my director, Bill Mantel, to give you a little bit more detail related to your specific question.

Mr. Bill Mantel: Sure. Thanks, Deputy. I'm Bill Mantel. I'm the director of the commercialization branch for the ministry.

Maybe the way to approach this is—just picking up on the deputy's discussion about a continuum, we fund research, and I think people understand that. Certainly more and more, we're doing a relevance test on that research to make sure that it is aligning with key Ontario sectors. That's an important feature that we've been implementing over the last couple of years.

We've been working very closely with the institutions to try to move the technology development inside the institutions, closer to where companies can pick it up. For example, through the research commercialization program we've been providing proof of principal funding. That's really a critical feature of what we're doing because, prior to that, in order to get the technology

moved beyond the research phase, we had to create a company. It usually wasn't very well funded, so we had a crop of what I would call weak start-up companies coming up because they just wanted to move the research a little bit further on down the pipeline. By putting in that proof of principal funding we have—I'd have to double-check the numbers—probably well over 100 proof-of-principal projects where we've taken a research idea, where we've checked the market first to see if it has market potential and then invested a small amount of money to de-risk it, to increase the likelihood of a company being able to take it up into an existing product or being able to start off a new company as a foundational product. That's at the very early stages.

The second thing we're doing is just increasing the whole effort around industry/academic collaborations. We're trying to move those ideas into companies, so investing in the tech-transfer capacity at institutions is a part of that and making the whole tech-transfer process work better. In the last couple of years, we've had over 340 companies involved in industry academic partnerships and about 1,600 research projects in that area. That's the whole of industry/academic collaboration, which is pushing research discoveries out of the institutions into companies but, likewise, helping companies solve problems for projects that they're already developing. That's a very important feature of the whole commercialization activity.

Once we get beyond that, though, and we start really focusing on companies, we have a program, as the deputy said, the business mentorship and entrepreneurship program, where there are a number of things that we'll do. First of all, we'll find capable entrepreneurs who can act as mentors to start-up companies. We'll provide market research to help them understand what the best target market is to start with, what the best pathway is to the market. We'll help them find capable CEOs and/or experts for those companies, trying to ensure that these companies have far more sophisticated business strategies when they're coming out of the gate, and that does a couple of things. It helps them attract good CEOs, first of all, but secondly, it helps them attract private capital.

That's part of the whole effort in terms of dealing with a capital shortfall. If we have companies that are more investor-ready, they have a higher likelihood of being able to attract growth capital.

Following on from that, as the deputy was already talking about, we have the investment accelerator fund, which is our seed capital program. That was put in place because there was a very clear gap in the funding part of the capital continuum. Really, that is about putting the first half-million dollars into these promising start-ups, and we are looking for the ones that are very high-potential growth companies.

So far in the last two years, we've made about 20 investments in those companies. If I just look at the last 10 investments that we made, there were over 250 jobs just in those companies. Over the next three years, those companies alone, based on the business plans that we

looked at, would project to double that employment figure.

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But I think what's most important is that by putting the capital into those companies, what we're looking for is, will they attract the private follow-on capital? That goes to some of the principles the deputy was talking about. We make these investments based on market principles. So far, many of those companies have already received a second tranche, and we're only two years into it.

So that's the mentorship, combined with the seed-stage investing, and from there we're hoping that the private capital markets will take over. There again, through the venture capital fund and through the emerging technologies fund, we're trying to increase those sources of capital and the number of companies that are getting funded.

That's a bit more detail on the various steps that we're trying to take, filling in all the gaps from the research idea to the marketplace as much as we can.

Mr. Michael Prue: You're throwing around a great number of numbers. I'm getting a little lost among all the funds; no doubt everyone in the room is, probably, save and except you. But all of the funds and all of the different subprogramming—and you've talked about ideas to market, then you talked about 100 projects, then you talked about 340 projects, then you talked about 1,600 projects, then you talked about the last 10 projects. Can you give us a list of who has money? Maybe then I can understand. I'm looking at \$55 million and 1,600 projects. You're talking about very small amounts of money going out to these organizations, conceivably.

Mr. Bill Mantel: Yes, in some cases they are very small amounts of money.

Mr. Michael Prue: Have 1,600 groups received money?

Mr. Bill Mantel: Sixteen hundred projects?

Mr. Michael Prue: Yes.

Mr. Bill Mantel: No, I don't have that list of projects with me right now.

Mr. Michael Prue: Of 340 projects? I'm having a difficult time understanding. You're jumping from one program to another program, one subprogramming to another subprogramming, one group of projects that is being funded to another group of projects. We're trying to get a handle here—at least, I'm trying to get a handle, on—is there a list? Maybe I can understand that better.

Mr. George Ross: Perhaps I could just provide an answer to this. Your specific question related to the commercialization programs of the ministry: I believe it was \$55 million.

Mr. Michael Prue: It was \$55 million.

Mr. George Ross: Right. So that money goes out into programs in some program envelopes or program packages. The business mentorship and entrepreneurship program is one.

Mr. Michael Prue: How much does that get, out of the \$55 million?

Mr. George Ross: I think that's detailed on page 32 of the briefing book. Perhaps, Bill, you can help me out with the detailed numbers here. If I may, I'll just run through the major program components and we can circle back on the numbers.

Business mentorship and entrepreneurship program, the accelerator fund, the Ontario Centres of Excellence, the Ontario commercialization network—so, as I mentioned, those are a number of organizations around the province. I believe there are 30-some-odd, Bill; is that right? Thirty regional innovation networks?

Mr. Bill Mantel: There are less than that; about 12.

Mr. George Ross: The Ontario research commercialization program, which is targeted at tech transfer offices, a component of it, and the technology innovation programs. So those are the program components within that \$55 million.

What Mr. Mantel was explaining was the concept behind these programs and how they actually link together to support the development and growth of companies. Each one of those programs has a program guideline, a direction, and each one of those programs is delivered through this network of contacts that we have out there that we support. It's a program definition around each of those components. They're delivered out through a network that we support and they go to specific projects. So this is how the numbers tie together.

Mr. Michael Prue: Were there 1,600 applicants for all of these monies and all of these subprograms? How many of the 1,600 were successful in obtaining funds?

Mr. Bill Mantel: The 1,600 that I quoted would be the 1,600 successful projects.

Mr. Michael Prue: And how many, then, in total applied?

Mr. Bill Mantel: That I don't have. I'd have to double-check that.

Mr. George Ross: We can endeavour to get some more detail on that. We don't have the actual numbers of applications for our programs. What I would tell you, though, is that the way the funding is allocated through these organizations is differential, depending on how the program rolls out. For example, the business and mentorship program that I mentioned is a combination of companies that will seek out support from one of these service organizations that we support. In other cases, it will be general education sessions where there would be hundreds of people who show up for these sorts of things. So it's not all specifically application-based. The guidelines are all transparent, the access is equitable and fair across the province, and we can certainly endeavour to follow up with more specific details that support that \$55 million, Mr. Prue.

Mr. Michael Prue: I would appreciate that, because to tell you the truth—and it was not me who held this and I am not the critic in this area—I get glassy-eyed listening to the various programs that are there and no real, concrete details as to where the money goes. So if it is possible to list most or all of the 1,600—I know that's a lot of paper—how much money they're getting in and

what programs they're getting it from, that would be of some significant interest, I think, to me and to my caucus.

The second question I have relates to the emerging technologies fund, which you've talked about in part. You've given them a \$50-million operating budget, and this is the first year of the program. Can you give three or four of the biggest examples of the funding that you've given under this program? Who are the big recipients of this \$50 million?

Hon. John Milloy: I can respond to that, but if you'll allow me two seconds on the earlier point, this review that we've mentioned before about this network of support across the province that's taken place and some of the changes moving forward are actually to address, I think, some of perhaps what's underlying your question, which is that we need to have easy access points for both the researchers and entrepreneurs to go into the network. So we're trying to strengthen that network.

The second point, again on your earlier question, is that for the programs that go forward—and I think the deputy made this point—there is rigorous review and due diligence that goes on, so these programs do tend to be an application where they've come forward with very detailed information and there are criteria to move forward.

In terms of the emerging technologies fund, that actually is a venture capital instrument. We had a chance to discuss this yesterday. One of the biggest problems we're finding right now in the sector is lack of access to capital. Some time ago, we brought out what is often called a fund of funds, where the government, working with other partners, is able to leverage a fund which in turn funds venture capital funds.

The emerging technologies fund is a complement to it. It was announced on July 31. It is a situation where the government has set up an arm's-length fund to inject capital into the venture capital market. This one works differently from the fund of funds in that we want to co-invest in investments that come forward. The process that takes place is that investors, venture capitalists, come forward and are pre-approved by the government, again with very much an arm's-length due diligence process, and they're pre-approved to bring investments to our attention. We obviously take a look at those investments, but we also want to rely on the venture capitalists' expertise and the fact, quite frankly, that they are willing to put money in, and we match their investment. Together, then, we're injecting capital in the market and relying on their expertise.

The program just started at the end of July. I know we have had some interest going forward. Perhaps I can ask the deputy or an official to give you an update of where we are now, sort of six weeks into the program.

The Chair (Mr. Garfield Dunlop): You've got about a minute and a half to clean up on this one.

Mr. George Ross: Thank you. Before I answer that question, Mr. Chair, I just wanted to correct something I'd said earlier in response to one of your questions, if I may. I mentioned that we had provided \$8 million to Lakehead to support two chairs at the end of the 2006-07

fiscal year. It was actually \$6 million, so my apologies. I just wanted to correct that.

The emerging technologies fund: I mentioned yesterday in responses that it's really one part of a three-part strategy that the ministry has employed to start flowing capital, to incent the flow of capital to innovative companies. Venture capital into innovative companies is critical not only to support the growth of their business, but to provide management expertise.

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The emerging technologies fund is the third part of that strategy. The focus of that fund, as the minister has pointed out, is to actually flow money very quickly to companies alongside qualified investors. These are venture capital investors, angel investors, who are individuals who want to invest in venture-type operations, or other big institutions. Our requirement is to have a qualified investor to go alongside us. This is part of our stewardship, our accountability requirement, to make sure that who we're investing with is a credible investor and that the due diligence they are doing on the deal—because, in fact, we'll be following smart market money into this—is adequate to support our decision-making.

The government announced this program in the last budget, and we have implemented that program. At the end of July, the guidelines went up, and we've had a significant interest in the program to date. We've already had a number of applications in, both for qualification as an investor and also some deals which have come to the table. We're just in the process of doing the due diligence over that right now.

The program is run by an agency called the Ontario Capital Growth Corp. It has the ability to do the rigour over the deals and to flow the money, really, on market terms. The whole point here is not to interfere with the market but to actually support the market and to get money quickly into those companies. So there have been a number of interests expressed in the program to date, and the program has been very well received.

In regards to—

The Chair (Mr. Garfield Dunlop): I think we pretty well cleaned up on the time there. We're a little bit over—quite a bit. Thanks very much, Deputy. We can get back to you on that.

Now to the government members.

Mr. Shafiq Qaadri: Thank you, Mr. Dunlop.

First of all, as the Chair of the social policy committee, I find it a privilege to be able to offer, I hope, some contributions and constructive observations to the estimates committee. I find it a privilege as well to speak before Minister Milloy.

I would first of all, Minister, both commend you and possibly even commiserate with you on holding dual portfolios. I think it's particularly important, and probably an excellent mix from a government's point of view as stewards not only of the body politic but also of the body human, that we are hopefully mixing and matching best practices from training, colleges and universities and the Ministry of Research and Innovation.

There are probably about five or six threads that I would like to just address and perhaps invite your comments on. The broad subject, of course, is our attempt to deal with, to understand, and to operationalize best practices in the area of cancer, and particularly cancer research. Of course, as a physician trained here in Ontario who sees and has seen an extraordinary explosion not only in cancer but in the attempts at remedy and therapy, I think it is very important that the government is taking a very active and lead role.

I think many of us, especially seeing how the attempt to deal with cancer over the years has changed, has been ramified, has amplified, has expanded, are very conscious of the role that government, as stewards of research, have to play, because at the initial onset of research, of course, there are not the great pharmacoeconomic returns; there's not an extraordinary money-making venture. It often requires, as you know, Minister, an extraordinary amount of lead time before there are the on-the-ground, on-the-pavement remedies and therapies and drug therapies available to the public.

I know that you, as a Ph.D. yourself, holding a doctorate in NATO studies from Oxford—which, of course, are battles of a different sort—have a deep appreciation for scholarship and the application of research on a wide basis.

First of all, as a physician, I can tell you that ultimately what people are concerned about is, what is the cure for cancer? When you diagnose an individual, and, of course, by extension, share the diagnosis of any form of cancer, whether it's a more benign form or a malignant form or a terminal form or a too-late form, of the various parts of the body, ultimately people are asking, "What is the cure?" and will they be able to maintain some semblance of dignity and humanity as they go through the various therapies, be it radiation or drugs.

Ultimately I think in all of our endeavours, whether it's the research statistics, which Mr. Prue feels somewhat buried under, or the many, many programs and initiatives that we're trying, we're really focused on people. I'm sure you'll address some of those comments.

One of the things that's important—just like the normal human life has a life cycle, unfortunately cancer seems to have its own life cycle. We're beginning to appreciate more and more how things like the environment, air quality, water quality, soil pollution, what we call stealth hormones in the environment, how all of these different things are now part of the mix, the puzzle, the mosaic—often malignant—that we have to deal with. Even when I was studying at the University of Toronto and graduating with a degree in medicine in 1988—I won't say that cancer studies were in their infancy but perhaps in their adolescence. The word "oncology"—oncology is the study of cancer and its cures and therapies—was, as it is today, still evolving. I think it's very important that a ministry such as Research and Innovation does what it can to help support.

Unfortunately, as you know very well, the numbers, though they're in flux—something on the order of per-

haps one out of four, maybe even one out of three individuals born today can expect to experience some diagnosis of cancer within their lifetime. With the greying of the country—which it seems that many members, including myself, are contributing to—in an overall statistical manner, with the demographic shift, unfortunately we are going to be seeing more and more such diagnoses.

I think it's also very important—perhaps in your remarks, you'll shed some light on this—the disciplines of things like biotechnology or genomics, the actual application on the ground of genetic understanding and genetic research, following things like the Human Genome Project and some of its siblings and progeny, are some things that are relatively new and still to find wider application. I'm pleased to learn, for example, that there are venture capital instruments within the Ministry of Research and Innovation, because it's particularly those kinds of companies, that have wild ideas that have really not been tried and do not have wide application and have not already sought patent protection and so on, that can someday really affect what we as physicians and we as members of the government and stewards of this whole biological research area will perhaps be able to offer.

One of the things that the Ministry of Research and Innovation and, perhaps by extension, many of the other areas in our government are demonstrating is the need for partnership. For example, whether we're aligning with the Ontario Medical Association and acting, for example, through the Ministry of Health Promotion on things like smoking cessation and, by extension, affecting things like lung cancer and the incidence of asthma and a whole host of other conditions, these are very important. You don't have to travel too far to other jurisdictions to see, for example, that in jurisdictions, countries, cities that do not have such stringent anti-smoking-in-public laws, unfortunately their rates of various cancers, not only lung cancer but other cancers, continue to rise.

Of course, as physicians, we tend to be more people-focused and also, sometimes to our detriment, organ-focused. But we do see that, for example, things like skin cancer or different blood cancers, leukemias and lymphomas, prostate cancer, breast cancer, colorectal cancer are things that are very deeply frightening to individuals. They are increasing, in various aspects and in various populations—there's a geographic spin to that as well. I think it's important, therefore, that a ministry as well as government and all the various stakeholders and players, be they researchers, therapists and so on, align themselves to, hopefully, address these very real, deep and damaging concerns.

As an example, I'm pleased to note that the government has a very active program on what is a relatively new discipline, the idea of vaccinations for cancers. We're very familiar, for example, as doctors—and as all moms will tell you who take their children to get the childhood vaccines—with the idea of immunization for things like diphtheria or polio or pertussis, tetanus and so on. But the idea of being able to actually vaccinate

people—which is, by the way, still an option, but is now available through the government of Ontario—for things like HPV, the human papilloma virus—a vaccine offered to young women, the teens and tweens and so on, which is something that I think is very exciting and I know that the ministry has played a large role in diffusing these sorts of best practices.

1700

I'd ask, for example, for you to comment on things like the Ontario Institute for Cancer Research. I think many of us in the biological communities were quite heartened when we saw various ministries, including the Premier, attending the various functions and christening the opening of various institutes and making some fairly large and substantial donations, about which I'll hopefully be able to share the press releases with Mr. Prue to allay some of his concerns about the actual distribution of the sums.

In conclusion, I would ask you to shed some light on some of the collaborative spirit that seems to be inhabiting the Ministry of Research and Innovation for what is, of course, an evolving area, which is a very deep and real concern to everyone at every different level of analysis, whether it's as, for example, a physician, like myself, or as the MPP for Etobicoke North, or broadly, a watcher of the biological domains.

Hon. John Milloy: Thank you very much for the question. It's obviously an extremely important area in terms of cancer research. Our role in MRI, when it comes to the issue of research in this field, is really to act as a catalyst. I think your remarks made reference to a lot of the good work that goes on here in the province of Ontario. We have leading researchers and leading research institutions. When you think of some of the big research hospitals, when you think of the work that goes on at universities in areas related to cancer and the prevention of cancer and early detection of cancer, MRI's role is really to act as a catalyst to try to bring those individuals together to set up the networks to provide them with support so that they can move on and make progress in this area.

None of us need to be reminded of what's happening in terms of the frequency of cancer. I've seen statistics. I have statistics here that in 2007, 172 people in Ontario were diagnosed with cancer every single day—that's every day. By 2017, that number is expected to jump to 228 Ontarians per day unless there are significant changes to cancer prevention and to taking measures.

Ontario, as I say, is positioned to play a very major role. We have 25 research and academic hospitals employing 10,000 scientists, clinical investigators and other researchers. We are, in fact, one of the largest biomedical research centres in North America. Unfortunately in the past, our research funding has been distributed piecemeal to different researchers and research teams, meaning that big-picture ideas with great promise did not receive funding because they required many teams working together toward a common goal. I'm just giving you a little bit of the history.

We tried to correct that as government in 2005, when we created the Ontario Institute for Cancer Research. There was some confusion yesterday—I think many of us are familiar, as members, with Cancer Care Ontario, which of course deals with the treatment of cancer, but the Ontario Institute for Cancer Research, or OICR, is more on the research end. Its goal is to align our province's considerable strengths around cancer prevention, detection, diagnosis and treatment. We backed up the announcement of the creation of the OICR with a \$357-million commitment.

I'd like to just talk a little bit about the success over the past four years. We've not only brought together talented researchers from across Ontario, but we've also actually been a magnet for research talent from other parts of the world. We have researchers coming from places like California, Massachusetts, New York, Maryland, the UK and the Netherlands, just to name a few of our leading researchers. They're all coming to Ontario to be part of this unique approach to cancer research—to not have the piecemeal and the silos, but to have an overall vision. This calibre of talent is helping position the OICR in Ontario as a leader in the fight against cancer.

I think I mentioned yesterday that a great example of this is the OICR's role in initiatives like the International Cancer Genome Consortium. It's a global effort that's bringing together research institutions in 10 countries to unlock the genome of the 50 most common cancer tumours that plague humanity. It's knowledge that could lead to innovative new treatments or even cures.

The OICR was chosen to head the global secretariat; in short, to be the world headquarters of this global effort, something I think all Ontarians should be very proud of. The project will generate a staggering 25,000 times more data than the human genome project, making it one of the largest scientific projects in history.

Ontario, through the OICR, has been tasked to serve as a global data centre. That means that OICR will create the largest health informatics database in history. It's work that will play a critical role in this project and in our understanding of cancer, and it's work that will obviously create the foundation for innovations that will improve the lives of hundreds of Ontarians diagnosed with cancer every day.

Mr. Chair, I'm going to look to you for the amount of time because I know—

The Chair (Mr. Garfield Dunlop): You've still got six minutes.

Hon. John Milloy: Oh, good, good. So I can talk a little bit more, because I want to talk for a minute or two about the vaccine, but I just wanted to tell you more about what the OICR does beyond the work in genomics.

Just to give a summary of the mandate of the OICR, it's to strengthen Ontario's cancer research capacity and contribute to the development of the next generation of researchers by attracting outstanding researchers to the province—I just referenced a few of the jurisdictions they're coming from—establish partnerships within On-

tario to leverage and strengthen the scientific excellence and opportunities within the province; establish national and international program collaborations; develop programs that impact on the spectrum of prevention, early detection, diagnosis and treatment of cancer; build programs to translate research findings into health care interventions, products and services; train the next generation of researchers and clinicians for future innovation and discovery; and attract private sector investment in research and commercialization of research findings.

I wanted to pick up on a comment that I think you may have made that is obviously about dealing with disease and dealing with the tragedy of cancer, but at the same time I don't think members will think that I'm being harsh when I say it also is an opportunity in terms of the commercialization of research findings.

Health care is going through a revolution right now. I feel a little awkward telling this to a medical doctor, but I'm sure you would agree with it. I'm only two months on the job, but the opportunities I've had to speak to individuals who are working in terms of cancer research, especially in the area of genomics—they're talking more and more, and I believe I referenced this yesterday, about this whole field of personalized medicine and the way of taking a look at an individual. Certainly cancer is one area where, instead of simply finding out that a person has a category of cancer—something like breast cancer or colon cancer—you're actually able to divide those cancers up into smaller groups and find a way to treat that.

What that means then is that someone comes forward and is diagnosed with cancer. In the past, they went through various treatments, hoping one might work. Now, through these new technologies we're able to zero down and provide that treatment which is going to deal with that individual.

On the health ministry side, the cost savings could be quite significant. It means quicker service. It means that a lot of expensive treatments will not be needed because you can zero in on exactly what is required. Of course, in terms of these treatments themselves, it is an area where there's going to be considerable growth, where there are many opportunities for Ontario to be a leader.

When we talk about the pharmaceutical companies, for example, they're a source of jobs, a great source of investment here in the province. I believe there are opportunities there that are happening and that will be happening in the future that are going to go a long way to create prosperity.

1710

I know that Sanofi Pasteur recently received as part of DIP, our pharmaceutical program, a grant of \$13.9 million, and part of that was to support research and development into a cancer vaccine. So there's an example where we're partnering with a company to find something which is not only going to go a long way to improve the quality of life; it's going to reduce many of the cost pressures at the Ministry of Health and it's also going to be a source of jobs.

We have a very vibrant pharmaceutical industry here in the province. I think there are many opportunities, as health care goes through this revolution and this transition, to be dealing with them. Certainly, the area of cancer research—and again, I don't think members are offended when I talk about cancer research not only in terms of treating the disease but also as an economic driving force. I don't mean any disrespect to the patients. I just think that all of us recognize that it's a very important part of the economy. I'm suspecting, Mr. Chair—

The Chair (Mr. Garfield Dunlop): You've got about a minute and a half.

Hon. John Milloy: I have about a minute and a half to talk about that.

Again, our strategy has been to be the catalyst. The Ontario Institute for Cancer Research was very much about breaking down silos and collaboration and working together. We are a relatively small player in the international scene, and I think the only way that we get to compete in the big leagues is by making sure that we have all the best talent working together. That's why this whole idea of networks is so crucial: We can make sure that the research that is going out of one institution is complementing that that's going on at another institution, university or hospital. It allows us to go to the international stage and to partner with the big players, because they know that Ontario is working together, that we have this research capacity and that we, if you will, come forward with one voice.

Also, quite frankly, I think the support that the government is showing—yesterday I mentioned GL², the additional money that came in the budget for genomics. I told the story of meeting with Dr. Bob Roberts at the University of Ottawa, who's working in the field not of cancer but of heart disease. He said that the fact that he had a partnership with the government and he could talk about a government that was interested in that—that he was able to go to the national stage and to interest other major partners, other major research institutes, to come in a partnership with Ontario.

The Chair (Mr. Garfield Dunlop): Thank you so much, Minister. We'll go now to the government members—sorry. The official opposition. How could I forget?

Mr. Jim Wilson: I just wanted to say to the minister and the deputy that Bill Mantel was one of the few people, when I was minister, who actually understood all the programs too, so he has kept up. I think he developed a few of them.

Just one of the things that I want to ask you—in the end, I'm going to ask if you have any answers to the questions I asked you yesterday about polling and external consultants and how much money you're spending on those; about experts and the hotel rooms at the Sutton Place or the meeting rooms or whatever; Strategic Counsel, \$70,000; and the Ontario Centres of Excellence and whether you've come up with any other thoughts, Minister, about how they could be more transparent and subject to freedom of information.

But before that, I was having an interesting conversation this afternoon with my colleague Julia Munro—and this is a pretty simple question, but it goes back to what Mr. Prue was saying. Julia was saying that—it was very complicated—she had an entrepreneur in her riding who wasn't attached to academia. He simply has a widget, of some description that she didn't get into, that he has invented, that he has the patents on, but he doesn't have any money to build a prototype. So that's kind of the stage he's at; he can't really show anyone exactly what he wants to do. He's got it all on paper, apparently, and theoretically it should work out, but he doesn't have any money to manufacture a prototype and then go shop that around to people who might provide capital. So can you take me through the stages of developing a business—research, commercialize the idea, seed money, start-up, and then hopefully you can expand your business from there?

I'll just also say in the preamble here that I was reading a quote from Dr. David Naylor, president of the University of Toronto, and it goes back to what Mr. Prue was getting at. Dr. Naylor said in a column in the National Post on May 19, 2009, that through all the various R and D programs out there at the federal and provincial level, it's hard to navigate. To quote him directly, he said, “‘For understandable political reasons, every government loves to create new boutique programs,’ he said.” You have a myriad of them. “The problem is that there is crossover and confusion among them that makes the system very difficult for young entrepreneurs to navigate. The system needs simplification.”

So if I have a constituent, like Mrs. Munro does, that comes through my door, where do I direct him or her if she's an entrepreneur and not attached to any existing hospital or academic institution where there's some of that infrastructure in place and how do I get them to get their idea, eventually, to market?

Hon. John Milloy: Sure. I just want to make a few introductory comments, then obviously we can get some of the officials to walk you through some of the technical details. I do just go back to some comments that I made earlier about the review that took place and, believe it or not, the results of it were made public the day of the cabinet shuffle. So it was actually made public by the Minister of Revenue—technically about two hours after he had been sworn in—in a major address where he signalled that we want to make this system simpler, we want to make sure that this system is available to everyone across the province in terms of geography, and that part of the way that we do business is through a network of agencies. The word RIN is used, regional innovation network, where we have 12 across the province, we have OCE, we have MaRS; they are out there in the communities working with entrepreneurs, working with individuals with ideas, working with people who are looking for the type of research to come forward. I think they do an excellent job, but we're working towards a more streamlined process to make

sure that geography's not a hurdle and that there aren't hurdles within the system—that sort of easy entry point and one-stop shopping. We do have an approach that very much tries to look at the continuum from pure research through to established companies that are looking to expand or looking to develop a project, but certainly I think my officials could take you from the first steps and walk you through in terms of an entrepreneur who has an idea and who doesn't have that built-in benefit of being from a university or research institution.

Mr. George Ross: I would like to call Bill Mantel back to the table because Bill can, as you pointed out, give us some more detailed description on how that works. I would just, as the minister has pointed out, observe that as part of our journey in building the Ontario innovation agenda, one of the things that we were tasked to do by government was to ensure that our programs were relevant to entrepreneurs and to have a focus on clients and to make sure that the proceeds of our programming were actually getting to the people who were building businesses and jobs in the province.

After we developed and implemented our innovation agenda, our first priority of business was to really focus on reviewing our programs, especially those that are in the commercialization area, because we had just reconfigured our research funding support programs. So we did turn our minds to reviewing our commercialization programs with the goal of making them more effective and streamlining them and to give other levels of government places that they can bolt on more readily. There were some basic principles that came out of that review, which was conducted by a distinguished steering committee and also supported by an international panel of experts that came in and gave us some advice, and there were some principles that underpinned the direction for our programs going forward. The whole goal of that review is to recast our programs, reengage those stakeholder groups that are spread out across the province to make sure that entrepreneurs and companies have the access wherever they need it and the support they need to growing their companies. So perhaps I will turn it over to Bill and he can walk you through how an entrepreneur can get access to these programs through our regional innovation network.

1720

Mr. Bill Mantel: Thanks, Deputy. Through the regional innovation networks, what we're trying to do is try and get a place where an entrepreneur can go locally to try and get access to these things. I think the notion about complexity—it's to help them guide them through it. But the first thing they would do there is they'd want to know what the potential market for this is and probably provide the entrepreneur with some help developing the business plan, as I was saying before, and help connect them up with sources of capital. If there was a program that was available, they would help guide them through, and that could be perhaps working with our centres of excellence to try and get some additional work done, or working with IRAP, which is the federally

funded program where we try and collaborate as much as possible, and start there. I think those would be the first steps in trying to get that potential product idea moving forward and, after that, depending on the success of the entrepreneur getting to build a prototype and meeting other business plan milestones, help link them up with sources of capital.

We have been working with angels to try and develop networks of angel investors to link them to these companies at the regional level—or, perhaps, depending on the quality of the idea and/or the market potential, go into the investment accelerator fund or one of our other seed investment programs. So that's how I think an entrepreneur gets started.

Through the whole review that the deputy was talking about, we're trying to make that system work a lot better and make it a lot easier for entrepreneurs to access the type of programming that's available, both federal and provincial.

Mr. Jim Wilson: I'm just curious: You spend a lot of money; how many entrepreneurs have you helped? Is this stuff all up and running? I know you're developing the network and you mentioned that you're setting up more offices on a geographical basis so people can walk in off the street. I'm just trying to understand it.

Mr. Bill Mantel: Yes. These regional innovation networks do exist. They're helping lots of clients. But just to give you one specific number, I do know the numbers—the business mentorship program mentored 720 companies in the last fiscal year alone; various stages of mentorship. Those would be one-on-one, very intensive engagements with companies.

Mr. Jim Wilson: Thank you. Just in terms of your \$506-million budget, how many jobs do you think you've created or sustained or maintained? Because that's basically the bottom line and what people are looking at. Do you have any independent reviews of your programs that show how many jobs you've created or your numbers? Have you done any studies like that? If so, I'd ask you to provide them.

I guess I'm trying to get to—again, Mr. Prue hit the nail on the head by saying that it's very confusing. I admit that there are many more programs than when we started the ministry, but it does seem very confusing. In fact, I had the Library of Parliament do up all of Canada for venture capital, right through to commercialization, and they have quite an extensive paper. It seems to me that there's—federal-provincial, anyway—a hell of a lot of overlap, but I'm not sure, so I'll give you an opportunity to comment on that.

Basically, for each of your programs, what are the measures of success? Is it jobs? Is it maintaining jobs? Maybe you could take me through each program and tell me what the heck the end goal is and whether you've been successful.

Hon. John Milloy: Sure. There are two issues, and I'm certainly quite happy to give you some numbers on the job front. First of all is that a portion of our work is involved in terms of funding pure and applied research,

which, in turn, leads to the development of products and ideas that might be commercialized and lead to jobs. Although you can come up with some raw numbers in terms of people who are being employed in those research activities, the spinoffs are not as easily tracked.

At the same time, we also provide support to existing companies and start-up companies where—again, we're a relatively young ministry—we're seeing progress happen. But those jobs, over time, are certainly going to add up.

One of the ones that I've become familiar with is a company called Sentinelle Medical. They've actually come up with some new technology around breast cancer. Five years ago, they had four employees. We partnered with them. We were able to give them some support, and now they have 110 people. So there's an opportunity that we saw where we came in at the early stages, and we've certainly planted many of those seeds, moving forward.

I can give you some raw figures: 4,000 researchers are funded by the Ontario Research Fund, both our research and infrastructure fund. They are part of the system now that we're helping to employ. We've had 11 spin-off companies from the Ontario Research Fund, with about 100 private sector jobs. In our biopharmaceutical investment program, almost 500 research and construction jobs. I mentioned the international cancer genome project. This project will be a magnet for other investments and create jobs for more than 50 researchers. In our health technology exchange initiative, we've created about 105 full-time jobs.

Again, these are the seeds. You can follow the thread in many of these cases and see companies that are growing or in the spring position; they're ready to grow very quickly.

You talked about some of the review and the due diligence. Deputy, I don't know if you want to reply to some of that, on some of the follow-up work.

Mr. George Ross: Yes, I certainly can. You suggested earlier you might want some follow-up on some of the questions you asked yesterday; is that correct?

Mr. Jim Wilson: Yes.

Mr. George Ross: Okay. I have partial answers on some of those, but I would like to let you know that we are looking into those. You had a specific question, I believe it was a 2006-07 expenditure with a company called Strategic Counsel; was that correct? Strategic Counsel was one of them?

Mr. Jim Wilson: Yes. It was 2007-08, \$70,000 to Strategic Counsel.

Mr. George Ross: Yes, okay. Our records show that \$70,174 and change was the amount we expended with Strategic Counsel. That's an organization that commissioned some baseline research and that did some focus groups for us. That work went into the consideration of the Ontario Research and Innovation Council, ORIC. This was the panel that was put in place to provide advice to the government as we were developing the innovation agenda. The report was delivered and the research was used to help shape the policy direction for

the Ontario innovation agenda and to develop strategies to attract investment in Ontario. The Strategic Counsel at the time was a vendor of record, so the Management Board of Cabinet guidelines were followed in that case.

Mr. Jim Wilson: Was the report available to the public when it was done or was it advice to the minister?

Mr. George Ross: I'll endeavour to go back and take a look. I don't believe that our staff found the report; we didn't have enough time to actually find the report, so I'll endeavour to go back. I wanted to give you a partial answer on that one.

You also asked a question about some expenditures at the Sutton Place Hotel. The ministry has the need to use meeting rooms from time to time as part of our peer review process. The way our research programs work is we actually ask volunteers to sit on peer review panels assessing research projects. This work is done both remotely—so we ship the actual applications to them in their own locations, but at the conclusion of their deliberations, they come together, and these panels can be anywhere from half a dozen people up to 20 people, depending on the field. We are required to have them in meeting rooms, and our basic order of deliberation on what kind of meeting rooms we choose—we start with our own—we have a meeting room in our offices at 56 Wellesley. It's fairly limited in terms of the size but we do use that frequently. That's our first priority. Our second priority is always to go look at the Macdonald Block meeting facilities. Then, if we can't book that kind of space, we go to meeting rooms in hotels. The Sutton Place is across the road from our office; it doesn't require us to move paper and people around using taxis and those sorts of things, and it has been competitive in its rates.

So to answer your specific question, we have used the Sutton Place, and we use it primarily for support of these peer review research deliberations.

The Chair (Mr. Garfield Dunlop): There are just three minutes left, guys.

1730

Mr. George Ross: One of the other questions Mr. Wilson asked—and again, I believe this is a partial answer, and we'll have to correlate this answer with the question that's on the record here—had to do with the Ministry of Research and Innovation's use of sole-source contracting—non-competitive contracting. I've gone back and taken a look over the period of the estimates briefing book that we've got here. This is for the 2008-09 fiscal year—it's up to date. I can tell the committee that we have entered into a total of 13 non-competitive contracts with consultants. The total amount we spent is approximately \$1 million—it's just over \$1 million, as a matter of fact. The average of these 13 contracts was \$90,000. The 13 contracts were spread out over 12 different consultants. All of these non-competitive contracts were done in accordance with the Management Board guidelines, which require us to have a rationale and business case, so each of these was supported by a business case.

To tie back to some comments the minister made earlier, the work of our ministry is one where we need to reach out to experts to support us. In many cases, there is a very small pool, or no pool, of consultants and individuals who have specialized expertise. In addition, our program delivery requires us to move quickly in some cases, and when we combine those two things, it requires us to use non-competitive contracts. All of these were done in accordance with the guidelines in place at the time and of course, as you all know, the guidelines changed on June 17, when the Premier announced a new policy with respect to not allowing those single-source contracts.

Mr. Wilson, I'm not sure if that answers the full set of questions.

Mr. Jim Wilson: Yes, I did ask for a list of those. If you could provide a breakdown of the 13 contracts—and is that up or down from the year before?

Mr. George Ross: I will endeavour to get that information. I'm not sure I can provide a full list because some of these are commercial contracts, as you mentioned the other day.

Mr. Jim Wilson: Okay. I appreciate the answer.

Just back to the jobs thing quickly: I know you peer-review applications and projects, but I'm just interested in your job numbers, because frankly, when I was a minister, I was always skeptical of my own speeches in terms of the formulas they used and how many jobs this project might create or whatever. Do you verify job numbers? I know it's tough in that ministry because you're doing seed money and you don't see the results for a long time. Do you have any studies by anybody outside to show that you're doing a good job?

Mr. George Ross: We collect a great deal of data on all of our projects. As we've mentioned before, each project we support goes through a rigorous analysis. We ask the proponents to stipulate the kind of impact that their research activity or their commercialization activity is going to have, and we validate. We do track a lot of data. The challenge in delivering it at a table like this is, there is so much of it and it takes a long time to deliver this type of data at the table here.

I think the overarching issue here and the more important one for us to deliver at this table is, the kind of work that we do in this ministry actually supports jobs that create jobs in the future, so this is about providing seed funding to companies and to research activities that have the opportunity to blossom into huge endeavours in the province. We've seen some of these types of activities in companies that have grown out of the research labs. So we do track a lot of data, Mr. Wilson, in this area, and a lot of it has to do with our research activities. It's difficult to roll it up in terms of one job number.

The Chair (Mr. Garfield Dunlop): Okay. Thank you very much, Minister. Now to the third party. Mr. Prue.

Mr. Michael Prue: I have a great number of questions and they're all specific, so I hope I can get some specific answers or some specific promises to get the answers. The first one is—back to the emerging technologies fund.

You said it's six weeks old. How much did the fund start with six weeks ago?

Hon. John Milloy: Fifty million dollars was the allocation for this year.

Mr. Michael Prue: And how much has been spent in the last six weeks?

Hon. John Milloy: My understanding is, and I believe the deputy can supply some statistics of where we are, that we have not finalized any agreement. I'll ask the deputy to confirm that.

Mr. George Ross: The program is very, very young, Mr. Prue—

Mr. Michael Prue: I know; I understand.

Mr. George Ross:—so there has been no money allocated yet. We're in due diligence on a number of proposals that have come in. As you can appreciate, these are venture capital investments, so there is a requirement to do proper due diligence. I can give you these stats, though. Public inquiries: OCGC has maintained an up-to-date website that, as of August 25, received 5,100 hits, with an average of 100 a day. We're getting lots of traffic and interest in the program. We communicated the launch of the program, and that resulted in over 130 telephone and e-mail inquiries regarding becoming a qualified investor or an eligible investment. As of today, we have received 13 applications from qualified investors and six applications for potential deals.

Mr. Michael Prue: Okay. Now, in last year's estimates, the ministry budget set aside \$90 million in operating expenses for the Ontario venture capital fund. Is this fund up and running?

Hon. John Milloy: Yes, it is. It is up and running.

Mr. Michael Prue: And how is it different from the emerging technologies fund?

Hon. John Milloy: The Ontario venture capital fund is a partnership with a number of other bodies. OMERS is involved, as are the Royal Bank of Canada, the Business Development Bank of Canada and Manulife Financial. It's managed by TD Capital Private Equity Investors on behalf of all these partners, including Ontario, and its focus is on venture capital funds itself, as opposed to specific deals.

Again, if I can pass this over to the deputy, he could probably provide you with a little bit more of the technical data and where we are in terms of the fund.

Mr. George Ross: Just to repeat: The intent behind this program was different from the emerging technologies fund, Mr. Prue. The emerging technologies fund is focused on rapid deployment of capital into companies. The Ontario venture capital fund is a limited partnership fund where Ontario is working with other limited partners to actually invest in other venture capital funds.

One of the issues that has been troubling Ontario, and Canada as a whole, has been the lack of money going into those funds so they can subsequently invest in companies. So there was a need for government to act, and the Ontario government invested \$90 million. That has been levered up to \$205 million, as the minister has said.

TD Capital was selected by all of the limited partners to manage that investment for us. To date, they've made

two commitments to Ontario-based funds, Georgian Capital Partners and EdgeStone Capital Partners. They've made an additional commitment to an individual company.

Part of their mandate also was to invest directly in companies. They had the ability to do that if they saw a promising company. Perhaps I can explain why that is.

As part of our limited partnership, the government, along with the other institutional investors that came in with us, wanted to make sure that this fund, the OVCF, was run on a commercial market-based platform, which requires it to show returns. The TD Capital principals that are managing this fund for us have a requirement to actually have positive returns on this fund. That led us into allowing them to make investments in individual Ontario-based companies, and they have made one of those; it's a company called I Love Rewards. Let me read out some more specific—

Mr. Michael Prue: Is that "I love the awards"?

Mr. George Ross: I Love Rewards.

Mr. Michael Prue: Oh, rewards. Okay.

Mr. George Ross: Maybe I can read out a little bit more of the detail here. TD Capital committed \$20 million to EdgeStone Capital Partners who are seeking to raise a \$100-million to \$150-million fund. It's very important in many of these cases for these venture capital funds to have lead investors, so lead commitments. It allows them to go around and raise other capital from institutions so they can close their fund and start making investments. EdgeStone Capital was a \$20-million commitment.

The second commitment, as I mentioned, to Georgian Capital Partners, was for \$15 million. This is a smaller fund; they're targeting to raise \$50 million to \$75 million.

The first co-investment, as I mentioned, a company called I Love Rewards, the fund invested \$1.8 million in an \$8.7-million B round of financing, so that's a second round of financing from the company. That company is North America's leading incentive marketing company that designs, develops and implements innovative incentive solutions for small companies as well as Fortune 500 companies. These are companies that want to put an employee incentive program in place, and this company actually custom designs those kind of programs and delivers them on behalf of companies. It's a rapidly growing company and it's a success story.

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Consistent with the investment strategy provided by the limited partners, the fund has also made two small US fund commitments in accordance with the other capital funds allocation in the program portfolio. So, as I said, they have a returns-based requirement, and they've made very small investments in two other funds to make sure that they have good returns there as well. So the primary focus of this is investment in Ontario-based venture capital funds, but the overarching principle is to seek returns.

Mr. Michael Prue: Okay. And so there are a total of five companies benefiting—

Mr. George Ross: Yes. There have been five commitments that have been made.

Mr. Michael Prue: Okay, five—two of them relatively small, plus the three you said here.

Mr. George Ross: Yes.

Mr. Michael Prue: You said relatively small; it's obviously much less than \$1.8 million. That was the I Love Rewards.

Mr. George Ross: Yes. The I Love Rewards is \$1.8 million. I don't have the data on the size of the other ones, but I believe they were each under \$2 million. I'll have to get the facts on that.

Mr. Michael Prue: In the last estimates, the ministry set aside \$20 million for something called the social venture capital fund. How is this different? What is it?

Mr. George Ross: There's a new and emerging field called social entrepreneurship. These are types of businesses that are emerging that are not entirely focused just on returns and profit; they also have, in the constitution of the company, a social mandate. These companies join a commitment to a social enterprise with a profit-making business venture. This is a new and emerging field of business that's occurring globally. There's a lot of activity in Europe in this area, and the UK has been leading with some fairly significant companies that are focused on social venture capital. Again, these are companies that want to do the right thing by the environment or through a social cause but have a business activity.

The ministry has two activities in that space, both of them being delivered through the partner at MaRS. The first one has to do with something called Social Innovation Generation at MaRS. That is a \$6-million commitment over a four- or five-year period, I believe. I will have to get the data again on that. I think we're in year three of a five-year program for social innovation. What that does is it actually targets business mentorship support for social entrepreneurs. So these are people—they're not like normal scientific start-ups; these are people with very particular mentoring and business support activities.

Alongside that, the government made a commitment to set up a targeted venture capital fund for these social entrepreneurs. That program was put in place, but it's been put on hiatus now; it isn't active. This was as a result of the last fall economic statement. So that \$20 million has not been deployed.

Mr. Michael Prue: So none of it has been deployed?

Mr. George Ross: None of it has been deployed.

Mr. Michael Prue: None of it. Okay.

Can you describe the purpose of the innovation—

Mr. George Ross: Mr. Prue, can I—I'm sorry. I should just correct that. I said none of it has been deployed. There was a commitment of \$250,000 to MaRS out of that to develop the actual program profile for the social venture capital fund.

Mr. Michael Prue: So that's \$250,000 committed, but not actually—the cheque is in the mail, is it?

Mr. George Ross: No, there has been no investment. That was program design.

Mr. Michael Prue: No investment, but it's committed. Okay.

Can you describe the purpose of the innovation demonstration fund? What projects have come out of this in the past year?

Mr. George Ross: Yes, indeed. The innovation demonstration fund is a program that is targeted at environmental and energy technology companies. Many of these companies require, on top of venture capital support, very targeted support for developing their prototypes and demonstration technology. It's one thing to invent these technologies in a research lab; it's a very different thing to scale them up to a commercial state and actually prove that they work and can generate the environmental and economic benefit that they claim to. So this program was put in place—and again, the target of this is really focused on environmental and energy technologies. Perhaps my ADM, Dr. Rockingham, can help you with some of the program details here. It's a \$50-million program over four years, and it is an application-based program. Applications come in. There is a technical due diligence on the proposals that come in and a financial business case assessment, as well. Then there will be either a grant or a loan that's provided to that company to support that demonstration project. That investment allows them to actually go out and develop a customer base and improve their technology.

Yesterday the ministry talked about a significant early program that we invested in called Plasco Energy, in Ottawa. That's really a waste-to-energy project.

Would you like me to go through some of the companies that have been invested in in this program?

Mr. Michael Prue: Please, yes.

Mr. George Ross: Okay. Maybe I can turn it over to Dr. Rockingham just to walk through some of those projects.

Dr. Tony Rockingham: Just a little bit of background, as the deputy said: The IDF program is part of our continuum of programs where we recognize that it's not just enough to have good ideas and research and have good thoughts. Really, what we're trying to do is improve the quality of life globally and to generate jobs in Ontario from good Ontario ideas. IDF is a program that operates, as the deputy says, once an idea has been proven in concept. Perhaps it has come out of a research institution. Perhaps it has come out of a university. Perhaps it has come from someone who has been working in their garage. It's an application-based program where we say to people with products that they believe they can move into markets, but they need some assistance to demonstrate—perhaps to scale up to a project so that it is of commercial interest.

As I say, it's application-based. We ask them if they're going after a global market because we recognize that that's where the significant jobs are going to be. We focus, as the deputy said, on specific areas: clean technology, and that would include energy technologies that have the opportunity to address global problems such as climate change and things like that.

For example, one project that I think is worth mentioning is Biorem. That's a project where we provided \$1.1 million through the innovation demonstration fund, and it's supporting two real-world demonstration projects. There were some questions earlier about jobs and how we know what sort of job impacts we're having. We know that there are 40 employees with the company that's involved in Biorem and they project that that's going to increase by 27. Of course, we're going to have to check that in the future. That's not a number that's carved in stone, but that's their projection right now. That's the sort of reporting that we offer to ensure that we are able to track the direct job impacts.

As the deputy said, though, what we're really trying to do is support the creation of jobs that create jobs in the future, because this sort of company could be the next RIM in their category.

We're looking for technologies that have global application and therefore can go well beyond the single demonstration that we fund, and if they are able to break into the global market, there will be a tremendous increase in job creation.

Mr. George Ross: Mr. Prue, you were asking for a specific company. Let me run through the list of companies that have been supported.

6N Silicon: \$1.5 million, pilot scale, to demonstrate purifying of silicon for solar energy.

EcoVu Analytics: \$4 million to help EcoVu bring water analysis and purification technology to the global market.

Northern Nanotechnologies: to develop a repeatable process for delivering nano materials in two applicant areas: supported catalysts and crop protection. So that's a nanotechnology company.

Biorem: Dr. Rockingham mentioned that, and I believe the minister was visiting that company last week or the week before.

GreenCore Composites: \$400,000 to set up a demonstration plant in Mississauga for the production of green inside material, high-performance natural fibre, reinforced composite—this goes into manufacturing.

KmX: \$1 million to operate a demonstration plant to build international commercial interests and new technology that recycles harmful industrial chemicals instead of disposing of them.

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Linamar Consumer Products at \$1.85 million to assist Linamar Corp. in developing the next generation of innovative lawn mowers in Guelph. Cordless electric mowers work as effectively as traditional gas mowers. I believe those are on the market now, so that is a success story.

Menova Energy Corp.: \$3 million to assist Menova in demonstrating a concentrated solar thermal and solar electric generation system.

Plasco Energy: I mentioned that that was \$4 million to support the waste-to-energy project. The results of that are being measured against their ability to process that waste and to turn it into electricity without having any harmful environmental impact.

The Woodbridge Group: \$1 million to support the research and commercialization of soya-based polyurethane automotive products. These are biomaterials that can go into automotive products.

The last one is Verdant Power: \$2.3 million to turn river currents in the St. Lawrence River into clean electricity. This is a different type of water turbine that could be used without negative environmental impacts. I believe the minister mentioned that as an example yesterday.

So these are projects that have been supported. The program is still up and running. We have applications in and we're doing the due diligence on those right now.

Mr. Michael Prue: How much money is still left in the fund?

Mr. George Ross: Give me a moment. I'll just do a little bit of math.

The Chair (Mr. Garfield Dunlop): We're down to about two minutes. It's the final round here.

Mr. Michael Prue: While one of you is working on that, with only two minutes left, \$27 million was also set aside for the Next Generation of Jobs Fund. How many projects were funded from that? There are all these different funds. I'm trying to figure what overlaps there are, or non-overlaps; which ones are the expenditures coming out of and which ones are they not.

Mr. George Ross: Right. Fifty million dollars' additional funding was provided to the IDF program, just so I can close off on that.

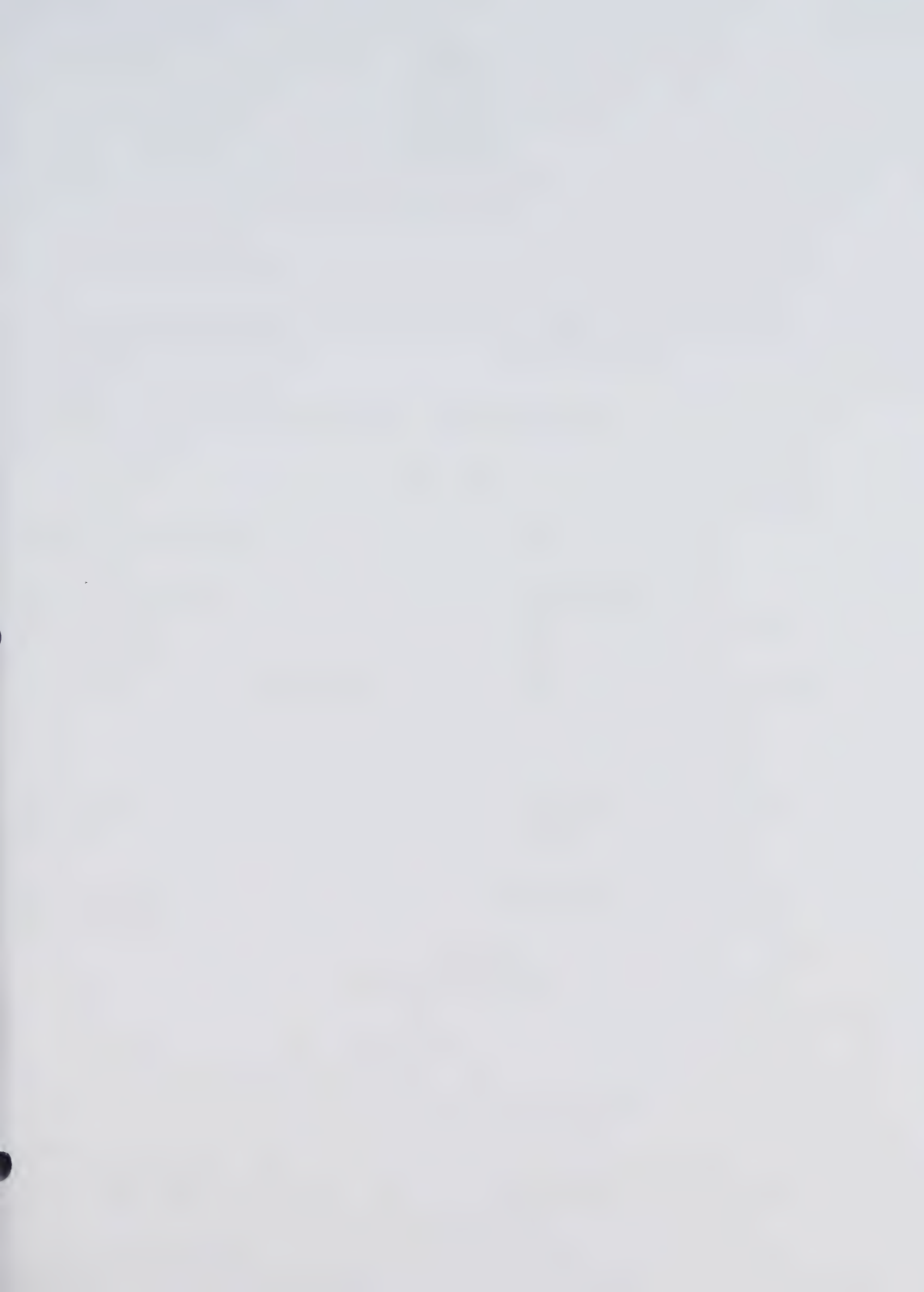
The Next Generation of Jobs Fund is a \$1.15-billion government program. There are three components to that program. The first one is called the jobs and investment program, and that is led by the—we work in partnership with EDT—the Ministry of Economic Development and Trade—in the delivery of that program. The jobs and investment component of that is very much focused on existing industries and companies that are creating jobs—incremental jobs or retaining jobs in the province.

There is a component of the Next Generation of Jobs Fund program called the biopharmaceutical investment program, which is a \$150-million commitment to focus on incenting investment in the pharmaceutical and vaccine areas, those sorts of businesses. That is a program that the Ministry of Research and Innovation runs. I suspect that's the annual allocation that's in our budget. In fact, I have a note here that says it is. So the \$27 million that you're referring to is the MRI component of the Next Generation of Jobs Fund associated with the biopharmaceutical investment program for 2009-10.

The Chair (Mr. Garfield Dunlop): Okay. That just about does it for today, ladies and gentlemen. We'll adjourn until Wednesday the 23rd at 3:30. We have about an hour and 50 minutes left in this ministry.

I'd like to thank the committee members and the minister and all the staff of the ministry today for a job well done. We'll see you next week. The meeting is adjourned until then.

The committee adjourned at 1755.



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Mercredi 23 septembre 2009

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and Innovation**

Comité permanent des budgets des dépenses

**Ministère de la Recherche
et de l'Innovation**

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 23 September 2009

Mercredi 23 septembre 2009

*The committee met at 1555 in room 151.*MINISTRY OF RESEARCH
AND INNOVATION

The Chair (Mr. Garfield Dunlop): Good afternoon, everyone. Petitions are now over and we'll carry on with the remaining time we have today.

I'd like first of all to welcome back the minister, Minister Milloy, and the staff of the Ministry of Research and Innovation. But in particular, I'd like to welcome the delegation from the Parliament of Ghana, who are joining us to see our Standing Committee on Estimates today. I hope you enjoy—

Applause.

The Chair (Mr. Garfield Dunlop): The minister will give excellent answers to these questions today and you'll find out.

We are here to resume consideration of the estimates of the Ministry of Research and Innovation. There is a total of one hour and 15 minutes remaining, although I believe we might cut that short because we don't have a lot left, Minister. When the committee adjourned, the third party had finished their 20 minutes on the rotation, Mr. Miller, and it is now the government's turn, followed by the official opposition, and then back to the third party. To the government members, you have 20 minutes.

Mr. Reza Moridi: At this point the government has no questions, but I believe the minister has some information to table.

The Chair (Mr. Garfield Dunlop): Minister Milloy, you have some comments?

Hon. John Milloy: Yes, Mr. Chair. I wonder if this is in order, to table a number of answers to questions that were raised during our last two sessions. Obviously, work continues in bringing a complete package to members of the committee, but I wanted to share the information that we have and finalize with the committee. So I'll pass that to the clerk, and members will have a chance to look at it.

The Chair (Mr. Garfield Dunlop): Thank you very much. Minister, do you have any comments on that or just the fact that you're tabling it now?

Hon. John Milloy: No, it's self-explanatory. It picks up on a number of the points that were made in our last two—I guess, technically, three—sessions we've had together.

The Chair (Mr. Garfield Dunlop): Thank you very much, Minister. We'll get copies distributed to all the members of the committee.

I understand you want your time stood down for the 20-minute part of the rotation?

Interjection: Yes.

The Chair (Mr. Garfield Dunlop): Thank you very much. I have a few questions from the official opposition. Mr. Bailey can resume the seat.

The Vice-Chair (Mr. Robert Bailey): The official opposition has 20 minutes. Mr. Dunlop.

Mr. Garfield Dunlop: Thank you very much. Just some questions on the Ontario Research Fund, Minister, and these are just generally questions that I'm hoping—I don't think they've been asked yet. We've had almost five hours of questions here. On the research excellence program, how many applications have been submitted as of July 1, 2009? I don't believe we've gotten into that at all, have we?

Hon. John Milloy: No. Perhaps the deputy can pick up on that.

Mr. George Ross: Mr. Dunlop, I don't think we've had any questions specifically on the current round of ORF-RE, research excellence, but if you give me a moment I can get some data out right now. We do have a number of rounds that are in adjudication right now.

Mr. Garfield Dunlop: Just really to the deputy: What's the number of applications that have been submitted as of the end of July, how many have been approved—I don't expect you to answer all these questions today, but if you can get back to us after—and the amount given to each of the approved projects. If you can provide that information.

Mr. George Ross: We will take a look at that. If I can table it before the end of the session, I will. We have a couple of rounds that are in adjudication right now, so I'm not sure we've had any approvals on research excellence to date, but I will check on that, sir.

Mr. Garfield Dunlop: Okay. Then to the research infrastructure program: Again, how many applications have been submitted, how many applications have been approved, and the amount given to the approved projects. Then, finally, to the innovation demonstration fund: How many applications have been submitted, how many applications have been approved, and the amount given to each of the approved projects.

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I guess the key point I'm trying to get to is where in the province these projects have gone; for example, what communities, what parts of the province the programs were successful in or the applicants were successful in. For example, could you give me an example today of anything that's been approved, and the amount of money that has been approved, say, for an organization or a specific company, say, in the county of Simcoe, including Barrie and Orillia? That would be the type of thing I'd be after.

Mr. George Ross: Okay.

Mr. Garfield Dunlop: In fact, even now, if you could give me any examples of those, I'd like to know what they are.

Mr. George Ross: Right. So you've asked about three of our programs. First is under the Ontario Research Fund research excellence program. The allocations under that program go to Ontario universities and teaching hospitals. Those are allocated on a peer review system. Applications are submitted, and we have panels of experts that are brought together. They make recommendations to the Ontario Research Fund board, which passes recommendations on to the minister.

We run these in rounds, and the results of those rounds are publicly available with the projects that are funded. They are spread out across the universities across this province, and it really depends on the specifics of the round and the applications that come in and how they're reviewed. But I can certainly dig out some of that information now if you just give me a moment.

Mr. Garfield Dunlop: Okay.

Mr. George Ross: Okay. With respect to research excellence: These are projects to support research operating funding. So this is actual staff and operating expenditures in a research laboratory.

The first call for proposals for research excellence was on June 6, 2005. So this program goes back several years. Twenty-six Ontario research institutions submitted 80 applications. The ORF advisory board made funding recommendations on that first round to support 26 projects across the province for \$115 million. These awards were announced in 2007.

The second call for proposals was on May 31, 2007. In response to that call, 49 proposals were received from 18 institutions. So it gives you a sense that many of the institutions across the province participate.

In round two, based on the recommendations of the ORF advisory board, 19 research projects have been approved in nine Ontario universities and research hospitals, for a total of \$114.7 million in new funding. These awards were announced in January 2008. One of these projects has been cancelled by the institution, resulting in a total round two project value of \$107.4 million.

The third call, Mr. Dunlop, was on July 30, 2008, and in response 63 proposals were received from 19 institutions. The ORF advisory board made funding recommendations on research excellence round three to support

19 projects across the province and \$73.5 million in funds. These awards were announced in May and June 2009.

The fourth round of competition was launched on March 13, 2009, and in response 61 proposals were received from 22 institutions. This specifically is the round you were just asking about, sir. Those proposals are currently in adjudication.

In addition, a specific targeted round, called the global leadership round in genomics and life sciences, was launched on May 4, 2009, and the deadline for applications was August 31, 2009. Those projects are also in adjudication.

So the ORF research excellence program issues at least one call for proposals per year, and the research operating costs are shared by the ORF, institutions in the private sector; and review panels, as I said, assess the research excellence proposals against a range of prescribed criteria. These criteria are known by the researchers ahead of time, and these criteria include:

- excellence;
- the quality of research, obviously;
- the strategic value of the research to the province;
- commercialization potential—so could this research turn into patents or company creation?
- development of research talent; and
- project management skills.

On the basis of their peer-review panel reports, the ORF advisory board makes final recommendations to the minister. So these are very transparent criteria.

The second program you asked about is the research infrastructure program. This is focused on capital, so this is laboratory space, equipment etc. As part of the adjudication process for the 2009 large infrastructure competition, MRI conducted Ontario strategic value review panels. This is some work that we did in Ontario. The result of that process is that MRI will be funding proposals that are of strategic priority to Ontario.

Previously, the province just matched research infrastructure projects that were supported by the Canada Foundation for Innovation. In the future, and in this round that is yet to be announced, we have done our own review on those proposals, based on criteria as well. There will be some decisions made shortly with respect to the 2009 round.

I will follow up. You also asked about the innovation demonstration fund, and I did table—I think, at the last meeting, I ran through some of the projects that have been funded there. I can certainly do that again. But I can get you some data in terms of applications and success and those sorts of things. I'll need to follow up on that.

Mr. Garfield Dunlop: Just on the research excellence program, do many community colleges qualify? Is there enough research done that they would submit money to the community colleges?

Mr. George Ross: Right. Community colleges are eligible for our programs, and they do apply. They are research institutions. The type of research that community colleges are active in typically is more applied

research, and it can be very focused on solutions that small and medium-sized businesses need.

In the last budget, the government allocated, I believe it was \$10 million, to a program called the Colleges Ontario Network for Industry Innovation, CONII. That program is really to provide funding to support college-applied research and to support their activities directly, working with companies as well. We can follow up with some more information on that, but colleges generally can apply to our programs, along with universities and teaching hospitals.

Mr. Garfield Dunlop: And just specifically to a college like Georgian College, that has the Canadian Automotive Institute out of the Barrie campus—in fact, this weekend, they're having this huge car show. They're having cars from all over North America, that were built in North America, at Georgian for this car show. In a partnership with the college and the Canadian Automotive Institute, could they be funded through something like this, or are we looking at different kinds of criteria for something like that?

Mr. George Ross: No. The requirement of many of our programs is that they have an industrial partner that contributes. Our funding always levers additional funding, whether it's from the federal government granting councils, through the CFI or through matches from the institutions and industry as well. Having a project that has an industrial partner really adds a lot.

I would need to look into the specifics of the activity there, but I certainly could follow up with the institution and give them some advice on how our programs may be applicable to them.

Mr. Garfield Dunlop: I thinking specifically of a case like Georgian where they have a partner south of them, Honda Canada, out of Alliston. I'm not speaking for the college or for Honda Canada, but I'm looking for potential partnerships for research money or something they may be able to utilize under this ministry. So that type of thing, in fact—there's a possibility it could qualify?

Mr. George Ross: Right, and I'd also encourage the college and Honda Canada to take a look at the Ontario Centres of Excellence program as well. The Ontario Centres of Excellence was set up, and continues to be focused on industry-academic collaboration, linking the research activities in the institutions to industry needs. A lot of our programming—much of our programming, in fact—is really focused on relevant research that has industrial application and has potential to create new start-up companies based on commercialization of the innovation that comes out of the research lab.

Again, I would encourage the college to make contact with us, and we can sit down and talk to them about how these programs can be made available to them.

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Mr. Garfield Dunlop: Yes, and I think in a lot of cases—there are so many programs that the colleges are trying to deliver, and they've got the university partnership programs as well that they're working with—sometimes you think there just may be a possibility they may

overlook or miss a potential opportunity to apply for certain funding that they might need in a specific area.

That's sort of what I'm zeroing in on now: trying to look at not only opportunities for the college in my backyard, but for other community colleges, because today, if we look across the province—and I think the minister will agree—the community colleges are delivering. For people who actually attend community colleges, the graduation rate and the successful job applicants are something like 90% or 92% for most of the community colleges. So, you know, any time you get an opportunity to prop them up a little bit—that's kind of what I'm getting at here, whether it's Georgian or one of the community colleges in somebody else's area here.

Mr. George Ross: Yes. I think our experience is that the type of research activity that community colleges participate in is very applied and very relevant to small business especially, which needs the support for rapid innovation, prototyping and real problem-solving, and certainly in our experience, community colleges bring a lot to the table in that regard. So, absolutely.

Mr. Garfield Dunlop: Okay. That's really all I had, just the questions on those three, there. And I'll stand down the remainder of my time. Thanks very much.

The Vice-Chair (Mr. Robert Bailey): Sure. We'll move to the third party.

The Chair (Mr. Garfield Dunlop): Thank you very much. I'll move to the other chair again. Now over to the third party.

Mr. Paul Miller: Thank you, Mr. Chairman, and welcome, Minister, to your new portfolio.

I've got a couple of local questions that I don't expect you to answer today, but some feedback would be most helpful to the people in the Hamilton area and also Sault Ste. Marie. It's dealing with the steel industry.

I'd like to know how much research and development funding is being channelled into the steel sector. Some numbers would be appreciated.

My second question: Part of the agreement signed federally by US Steel when they purchased a Canadian company—the last steel company in Canada, which was Stelco—was to sink money into research and innovation, and obviously they didn't. It's being challenged by the courts in Ottawa. Mr. Clement has challenged them, and they're being fined on a daily basis until the court deals with it.

What I'm asking is, have you had any interaction with the federal government on research and innovation funding for the steel sector? As you know, the steel sector plays a key role in our province's manufacturing sector, and it's been hard hit in the last five years. Things are not exactly getting better as we speak. US Steel has taken it upon themselves to open one and close another plant, one of our most productive plants. So I want to know.

We used to have a complete research and development division at Stelco when I worked there, which employed a couple hundred people: researchers, scientists. It disappeared in the 1990s and shut down. So I want to know, basically, if you can give me some information on

what programs that you're co-operating on, if any, with the federal government on revitalizing the steel industry in Canada.

As I've pointed out, and I'll reiterate, the steel industry is a key sector in our economy, not just in Hamilton but Sault Ste. Marie and other major centres in our province. We led the world in steel production. In fact, many companies came to Canada, to Stelco, even when I was employed there, to take our innovation—different types of production methods—back to China and India, and have utilized them through research and development. They have surpassed us, left us behind. I have grave concerns about how we can compete on a global basis when our innovation and some of our ideas were taken and utilized in other countries. We have not continued to keep up our research and development. One company that did lead the way in that and continues to lead the way is Dofasco, now ArcelorMittal, but all our other steel manufacturers in this province, in this country, have fallen by the wayside in research and development.

I would like to know what this ministry's plans are to stimulate the steel industry in our country, because as you can appreciate, in my area of the woods, we have a large steel presence. Probably 70% of my community relies on secondary industries that support the steel business. If the steel business is affected and it's closing down, it affects my entire community.

A lot of people are asking a lot of questions on what the governments are going to do about making us world leaders again. I would like some of that information if you could get it back to me. I don't expect it today.

Hon. John Milloy: I don't know, we can certainly—well, certainly we're endeavouring, obviously, as is usual practice, to get back to all members in detail on the different questions, but I think the deputy might have some preliminary thoughts on this that he could share, and then we'll get you more specific details.

Mr. George Ross: Absolutely. Our role in MRI is not to work with specific industries like that or sectors in terms of recovery work. In partnership with the Ministry of Economic Development and Trade, we can certainly talk to them about these questions.

Much of what we do is focused on providing the innovation and commercialization support to allow industries, like the steel industry, the auto industry and others, to take on new innovations into their processes and to develop competitive products that can go into the global marketplace.

I don't have the data in front of me here. I can certainly dig it out, but there will be a lot of research projects that we have supported over the years that are focused in material science that have a direct relation and benefit to the steel industry. It may not be an absolutely near-term benefit to them, but it supports the kind of innovation that helps these industries be competitive in a global situation. Our focus is very much around the research and commercialization activity.

Mr. Paul Miller: Well, with all due respect, Deputy Minister, it's the fact that that's the problem. We have to

support the steel sector and other manufacturing sectors not just with ideas coming out of the universities and college, but hands-on support for these industries, because we're flailing around with no direction and we're not competitive with the world in certain sectors. We've fallen behind in innovation and research, and that's exactly what we do need: hands-on interaction with not only the universities and colleges, but the industries themselves.

I'm not suggesting to you that the government is going to directly support private industry, but what I am saying is that, through innovation, through research, they can become more competitive and turn out a better product.

We've been in the steel business for a long time—since the late 1800s in Hamilton—so we were world leaders, but we have fallen off the map in comparison to our competitive ability throughout the world, especially in Europe. China and India are now surpassing us in technology.

I'm saying to you: Yes, you can support, but you also have to push, from the government's perspective, into these fields where we're lacking. The way you push is support, indirectly, to the industries through programs that they may suggest that may not actually go through the Ministry of Training, Colleges and Universities, but it would also fall under economic development and trade and innovation and research. You could work hand in hand with two bodies of government as well as private industry to make us more competitive and back into the world market, where we belong and where we led for many years. That's what I'm suggesting. Anyway, you don't have to answer that. That was more of a local concern that my people have in the Hamilton area.

I'll move on now to more general questions. I know one of the concerns of the ministry is Ontario's lagging productivity. Can you tell me how Ontario's growth productivity compares to comparable states in the United States?

Hon. John Milloy: Again, I'll see if the deputy wants to—

Mr. Paul Miller: Do you want me to repeat that?

Mr. George Ross: No. I think your question related to our productivity measured against—

Mr. Paul Miller: Comparable US states.
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Mr. George Ross: Comparable US states. I actually don't have any economic data available right now but I can certainly endeavour to look into that and get back to you with that. There are some comparisons that are available.

Mr. Paul Miller: I appreciate that, Deputy Minister. Red-flagging those types of inquiries would probably be beneficial to the province of Ontario as a whole in the manufacturing sector, as well as research and innovation. I know for a fact that there are even companies that have gone into solar that are replacing automotive makers and parts manufacturers in the northern United States. Minnesota and other states have gone into full solar production, which obviously goes hand in hand with

innovation and research. They are now becoming world leaders. We missed the bus on that one and we've missed the bus on a lot of things where they're moving ahead quicker. Of course, to my chagrin, there is obviously a lot of American protectionism going on that they're not admitting. That's another story for another day.

My next question would be, what specific ministry programs address Ontario's productivity deficit most directly?

Hon. John Milloy: If I can start off—I'll turn it over—I think you've hit upon a very important point in terms of productivity and the way in which we compete with other jurisdictions. That actually is the whole purpose—I'm not trying to be cute because I know we can talk about some specific questions, but the whole purpose of the ministry is to address issues of productivity, to look at how we can position ourselves for the future. It's how we can catch up with other jurisdictions that are ahead of us and be leaders in areas.

I certainly do not share your pessimism. I think Ontario is a leader in a number of fields and I think we have a lot of strengths that we can build on. There are areas in terms of new technologies and approaches. On Monday, for example, I was at Linamar; the Prime Minister was there as well. They were opening a new centre. The government had provided support through a different ministry, but just to give you an idea, a big chunk of the centre's work was on issues around productivity and competition and how they could find new skills and approaches that were going to make a plus in terms of the auto industry. I think the auto sector is very much part of the economy of the future. What we do through various programs is support these industries in finding ways to be more productive and more competitive.

I will refer to the deputy minister, who may want to talk about some of the examples of where we're focusing on that productivity—

Mr. Paul Miller: Just a rebuttal to the minister's comment about pessimism: I think I come from good roots. We have lost 28,000 jobs in the Hamilton area in the last 12 years, so my pessimism is deeply rooted and with a lot of numbers behind it. So that's why I'm feeling the way I do. Innovation and research are great if you employ a few hundred people, but when you're losing thousand and thousands of manufacturing jobs because of our lack of ability to compete, that is a very serious concern for me.

Go ahead.

Mr. George Ross: The key to productivity is industry's ability to innovate and to commercialize new ideas. The programs that the Ministry of Research and Innovation delivers on behalf of the government are focused on providing for that innovation, which is key to productivity. You asked what programs we deliver to support productivity. We think of our programs in four groupings.

The first one is discovery and knowledge transfers. These are our research programs. We talked earlier today about some of those programs. We have the Ontario Research Fund, including the research infrastructure

program, the research excellence program and our global leadership round in genomics and life sciences. All of these programs require partners and a commercialization pathway for the programs that are supported under the Ontario Research Fund.

We have a series of research talent programs that support development of top minds. Those top minds come out of our institutions and go into industry. That's critical to productivity in the future. We do have a number of programs that support the development of post-doctoral fellows, early researchers and others programs.

We have signature research programs such as the Ontario Institute for Cancer Research, which is a significant investment in cancer research that's focused on curing and combating cancer, but also in developing new commercial products that can go into the pharmaceutical industry and other industries as well. The list goes on under the research programs, but the key to all of those programs is that the talented people who are doing that research in those institutions are the ones who provide solutions for industry, and that helps with the productivity.

Mr. Paul Miller: Just one question for the deputy. You're correct that those research people and the people who work in those institutes do improve the productivity approaches and gaps, but I'm not sure that those people create jobs. You can create productivity processes and you can create innovation, but I'm not sure it's addressing the job loss problem. We are a changing society and now we have to compete globally, but what we need is the jobs to go along with the innovation and research. Fifty jobs here, 100 jobs here, 20 jobs here doesn't cut the 300,000 jobs we've lost, so that's all I'm saying.

I guess my next question, which you began to answer for me, was, how can you explain to me what each of these programs does across Ontario? But you were starting to touch on that, so I can actually skip over that question.

Mr. George Ross: Perhaps I could go on and just talk a little bit about some of the—I talked about one of those categories of programs. We also have the technology and product development field, so we do work directly with industries and at the interface between research and industry needs. We have a series of programs that directly support the commercialization of ideas. Those do create companies, those do create jobs, and they create jobs that create jobs down the line.

We also have a series of programs that support acceleration of the growth of those businesses, so these are business mentorship programs, entrepreneur and residence programs, and these are all programs that actually help those small, nascent industries grow and become new industries that create wealth and jobs prosperity in the future.

Our last category of programming is around markets, about helping companies grow into global markets. Before this committee I've talked about a series of venture capital programs we have as well.

Mr. Paul Miller: Thank you. My next question. A 2005 study by the Centre for the Study of Living Standards suggests that Canada's poor productivity performance over the past several years can be attributed in part to a substantial shortfall in the growth of ICT—information and communication technologies—capital stock relative to what is necessary in order to catch up to the level of technology employed by US industries. Essentially, the same argument has been made in a number of recent reports by Ontario's Institute for Competitiveness and Prosperity. Could you give me some feedback on that?

Mr. George Ross: Could you just—

Mr. Paul Miller: The lack of productivity performance over the past several years can be attributed in part to a substantial shortfall in the growth of ICT—information and communication technologies—capital stock relative to what is necessary in order to catch up to the level of technology employed by US industries.

Mr. George Ross: I believe your question relates to capital investment, productivity investment. I don't have any data in front of me right now that I can comment on that.

Mr. Paul Miller: Could you look into that for me?

I've only got three minutes left. My final question: These reports suggested that an adoption tax credit that would encourage the adoption of ICT, particularly by small and medium-sized enterprises, which account for 65% of all private sector employment in our province, would be quite helpful. Would you support an ICT adoption tax credit for this province?

Hon. John Milloy: I'll certainly start out by saying that there are a number of tax measures that have been brought forward to support the sector, including work that's been done in terms of a tax holiday for those discoveries that are made based on a Canadian institution which are commercialized here in Ontario. I will certainly tell you that I've had, over the last couple of months, the chance to speak to a number of people in the ICT sector, and one of the most important things they feel our government is doing on the tax side is the harmonized sales tax. We are talking about—

Mr. Paul Miller: Well, we differ on that one but—

Hon. John Milloy: Well, it's very, very important. Go talk to the high-tech sector and they will tell you that the more steps in terms of product, and all of us know the ICT product is very complicated—the number of steps along the way—the more opportunity there is for that hidden tax. The idea of turning it into a value-added tax has certainly been identified by a number of members of the high-tech sector, the ICT sector—it's going to be a big benefit for them.

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Mr. Paul Miller: With all due respect, that wasn't my question. My question was, would you support an ICT application tax credit? Yes or no?

Hon. John Milloy: Well, as I say, there are a number of tax measures that have been put forward. Obviously, this is the time where my ability to talk about taxes has

reached a limit, because it would be up to the Minister of Finance to move forward. I think that we have a number of R&D tax supports. I don't know, Deputy, if I can ask you to comment on some of the things—

Mr. Paul Miller: Deputy—sorry for interrupting—would that not fall under your jurisdiction, to recommend to the Minister of Finance that this tax credit would be beneficial to that industry?

Mr. George Ross: Tax matters are really the purview of the Ministry of Finance. We're here to talk about our spending estimates today, so we can certainly refer this question over to the Ministry of Finance. We work in close collaboration with a number of different ministries, and as the Minister said, there are a series of tax measures that are in place to support innovation in the private sector, and obviously the signature system is the SRED system that allows the refund of expenditures when it comes to R&D. That's a system that's been in place, and there's a series of other measures that are in place that Ontario has as well. I can certainly follow up and detail some of those for you.

Mr. Paul Miller: Thank you very much. That's the end of my questions.

The Chair (Mr. Garfield Dunlop): That's just about the 20 minutes anyhow. It's only about 30 seconds shy of 20 minutes. Do you have any other questions today?

Mr. Paul Miller: Well, I could probably go on for a while, but no, not actually directed by our research. So I don't want to step into a venue that I'm not—it's not really my committee, so I don't want to—

The Chair (Mr. Garfield Dunlop): Okay, just clarifying something with this. Now we'll move over to the government members.

Mr. Reza Moridi: Mr. Chair, at this point we don't have any questions from the government side.

The Chair (Mr. Garfield Dunlop): There are no more questions?

Mr. Reza Moridi: No more questions.

The Chair (Mr. Garfield Dunlop): Okay. Mr. Bailey?

Mr. Robert Bailey: Yes. Thank you. I have a couple of questions I wanted to get on the record. I think Mr. O'Toole has something too, but he had to go get a document. My main question was something that took place in the past and it's in my riding of Sarnia—Lambton—the college there; I know the Minister is well familiar with Lambton College, and they're doing a great job there. They've got a number of apprentices and that, that are working there, and we're an important part of the Chemical Valley, as they train people for the new economy. Another part is the University of Western Ontario Research and Development Park—I know there have been major investments there—and there's a lot of work going on at the University of Western Ontario research park at this time.

I wondered if you or the deputy could just speak to that investment: what we could expect in biomass research, what you expect for that investment, and maybe if you could tell us what the dollar is and where, and what you expect to return to the public over time.

Hon. John Milloy: I'm going to have to refer to the deputy on the—

Mr. George Ross: Okay, so perhaps a little bit of context for my response. The innovation agenda, the province's innovation agenda, speaks to the need to have a focus for our activities to make sure that the investments we're making actually register on a global scale. The province has selected three areas of focus for our innovation agenda, and one of those is bioeconomy. This is really providing the support for companies and research and development activities to commercialize new products that could go into new value chains, global value chains, that rely less on traditional feedstocks and more on bio-based feedstocks.

In the case of southwestern Ontario, your riding, there's a wealth of agricultural feedstock that, with some R&D, with some development work, can go into new materials. The Minister of Research and Innovation has made some strategic investments to develop those value chains and to develop the products that can go into those over the last several years, not the least of which is some infrastructure in key parts of the province to allow the R&D to go ahead. Many of the products and many of the processes require some more research and development and commercialization support so they can get into those value chains.

We have provided some foundational investments in southwestern Ontario, in Kingston at the Queen's industrial park. Also, we talked earlier in this committee about an investment we made in northwestern Ontario, CRIBE, which is focused on forest bio-based feedstocks.

What I'm going to do is ask, with your indulgence, my director of commercialization, Bill Mantel, to come forward. Bill could perhaps give us some more details on this.

Mr. Bill Mantel: Bill Mantel, director of the commercialization branch. One of the specific investments that we can talk about is the Sarnia-Lambton Bioindustrial Innovation Centre. We're just completing a \$10-million investment in that centre. The whole idea there, as the deputy was talking about, with southwestern Ontario and hopefully the transportation links to the north, was the potential to use biomass as both a source of energy and a source of other molecules, chemicals, that replace industrial feedstocks, from which we would normally derive oil. It's in the early stages, but I think an area of very high potential.

That was a lot of the impetus behind investing in the Sarnia-Lambton Bioindustrial Innovation Centre. It's to help push that whole industrial complex more towards replacing petrochemical feedstocks with biologically based feedstocks.

The investment there—just a bit more detail on that—really was what I guess I'd call an innovation infrastructure investment to help get a set of labs set up, space for small innovative companies to reside and start doing their pilot projects in some lab space. That included the construction of a new 60,000-square-foot building and the renovation of some existing research and develop-

ment space that was once occupied by Dow Chemical, so I think that was a good transition of that space. It is now being operated in partnership with the University of Western Ontario research park. So we've been working very closely with that organization in that whole effort.

Additionally, that investment leveraged a \$15-million investment from the federal government, and I have to say that the local government, the region and the city, have been very active in helping to get that park up and running. I forget the numbers offhand, but they have a substantial financial investment in that park as well.

I think that's one that is emerging as a very exciting area, and in a very strategic location, given the industry that's there and the biomass sources.

Mr. Robert Bailey: Thank you very much. I appreciate that. There is a lot of good work taking place there. Thank you.

The Chair (Mr. Garfield Dunlop): Mr. O'Toole, you have a question?

Mr. John O'Toole: Yes. Thank you very much for your appearance here today. I just want to compliment the staff in the area. I see a former member of the faculty at the University of Ontario Institute of Technology here, who's a person I have a lot of respect for. If that is emblematic of the quality of the people working there—and I've seen in the last few years some of the people at the table there as well.

A few years ago, I had the privilege of sitting in one time on one of the grants to the university on the commercialization processes you've described, so it's a long-standing tradition of governments of all stripes to work on innovation. It's important to see that you are here today to sort of respond to those, and it's good to see the ministry staff giving us some actual insight into, for instance, the bio-based research that you've just described. I think that's very important.

I have a couple of really quick questions. I just want to get them on the record, if you understand what I mean. On the bio-based thing, a few years ago I was aware of a trial that was done using the material hemp, commonly referred to as marijuana. It's a very strong fibrous material that could be used for many things besides smoking. Is that research still ongoing—because it is a very logical, genuine bio-based material. It's a very strong fibrous product that could be used in ethanol, that could be used in materials—in fact, laminated materials for vehicles. Is there anything on that?

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Mr. George Ross: We do support that. I'd have to get specific projects for you, Mr. O'Toole, but we do support some research and development activities.

Mr. John O'Toole: Yes, because it is a fibrous material that's very strong. There's a whole debate around ethanol from fibre-based as opposed to corn-based ethanol. The federal government has a lot of money invested in that. Are we doing anything on that as opposed to the corn-based ethanol, which seems to have aged as a technology solution? Fibre-based ethanol is very prominent in the United States. They're almost changing their whole focus. Is there anything on that?

Mr. George Ross: Globally there is a trend toward looking for non-food-based commodities or bio-based—

Mr. John O'Toole: The general statement on that—and I appreciate that—today was announced by the Premier's difficulty in dealing with having solar energy, which is an innovative solution for energy, take up agricultural land, which really fits in to the point I'm making. Which comes first, the food commitment or the commitment to class 1, 2, 3 land?

I know they haven't published the regulations on that yet but innovation has its limitations with respect to the bio-based solutions when it comes to a third of the world starving each day. That's what the public—I'm one of those people from the public. I just want that on the record. It's my position that the innovation and technology people can find solutions without eliminating other options for class 1 and 2 agricultural land.

I live in a riding that has very prosperous farming. I have to say that the De Jongs were recognized by the Premier of Ontario, I believe this year and last year, as being one of the lead agricultural operations in, if not all of Ontario, Durham, certainly.

Now, I'm going to get down to specifics here. Another resource that is questionable in my riding—MOE is spending a lot of time there, there are several charges before the courts, on Peat Resources. It's my understanding that peat has no mercury when used as a fuel and it isn't used by—the Ontario government has a trial going on, I believe, I'm not sure if it's at Nanticoke or northern Ontario. Is there any substance to that? That's research that's ongoing now to eliminate some of the coal side effects.

Mr. George Ross: I can refer this question over to my ADM Tony Rockingham.

Dr. Tony Rockingham: Thank you very much, Deputy Ross. Yes, the government does have a program that is actually led by the Ministry of Energy and Infrastructure; that is through a grant to create the Atikokan Bio-Energy Research Centre. The government has chosen the Ontario Centres of Excellence to help establish the research that's going on through that grant funding.

The asset that really makes this attractive is that Ontario Power Generation has agreed that the Atikokan power station can be used, where appropriate and safe and not damaging to the station, for the testing of various different fuels.

So part of the work that has been ongoing is working with universities and industries that have interests, identifying the sorts of tests that can help Ontario move forward in terms of bioenergy. As you say, some of the proposals have been around the use of fuels such as pelletized wood or peat. At this point, I'm not sure on the status, whether there has been agreement to actually harvest the peat. One the challenges, of course, is drying the peat and putting it into—

Mr. John O'Toole: I appreciate that very much, Mr. Rockingham.

The other thing—it's on the record. There is an issue where the MOE is doing one thing kind of counter-productive; the person is in court and it's my understanding, having met with them and their legal counsel, that they've spent around \$38,000 fighting MOE on four charges when they could be producing other values in Ontario. But you are at the same time using a north-western Ontario stock-exchange-listed company called Peat Resources that's actually being innovative and looking at solutions that are used around the world.

The other one I want to get on the record clearly is, again, a contradiction. There was a commitment, I believe, by the Premier, and the Minister of Energy as well—great fanfare, \$40 million is going to be invested in energy—a billion dollars in Ontario under the Green Energy Act, which is good. I mean, I'm all for green energy. My riding is home to the Darlington nuclear plant, the home of nuclear energy, probably a third of the supply of energy in Ontario.

Here's the deal. The University of Ontario Institute of Technology—in fact, the staff person, Kamiel Gabriel, who's here, was the head of the science thing, I believe, the dean of that area. That university was geared—it's the first university in Canada that has a specific degree in nuclear engineering. A great investment; thanks very much. In fact, OPG, one of the principle partners, invested—I don't know what they invested, because that's a public sector thing. They invested taxpayers' money called "energy costs" at the university for \$10 million. Good. I was there. I had the photo taken with the president, Ron Bordessa, and all that. It's all good stuff. It's the number one project for commercialization jobs in Durham region and Ontario, including Etobicoke, a lot of jobs in the nuclear CANDU technology group. Now the Premier and the Minister of Energy have put some uncertainty around this university, with all the students in the training pipeline, the very highly qualified CANDU technology people.

What's the future for nuclear energy under CANDU, not just in Durham but in Ontario? Or are we going to fight with the federal government—and Atomic Energy of Canada Ltd. is the federal agency that is actually the technological hub of this. These are knowledge-based jobs that have been put into uncertainty and questioning for students and for employees. There's innovation. Are you going to protect these jobs, are we going to go with the French program, Areva, or not have nuclear? That's the question there.

Mr. Bob Delaney: On a point of order, Chair: If my memory serves me correctly, I believe the Minister of Energy and Infrastructure is still due to come up. Am I correct? Or has he already been?

The Chair (Mr. Garfield Dunlop): Yes, he's already had his opportunity. You're drawing a bit of a—

Mr. John O'Toole: Well, it's an innovation job.

The Chair (Mr. Garfield Dunlop): Yes, it's kind of overlapping. I understand. But if you could be a little more specific, we could get an answer there.

I think you have enough to answer on, anyway.

Hon. John Milloy: In all fairness, and with the greatest respect to Mr. O'Toole, I think the questions he is referencing are really best addressed to the Minister of Energy and Infrastructure.

Mr. John O'Toole: I have questions on the order paper. They're only 22 days old, so the minister still has time—he has four days, actually—to answer them, or I'll be raising it in the House.

Here's another one. It's very important in my riding. We had a very important investment by Premier McGuinty and probably you—George, everybody, was there for the photos—and the project was called the Beacon project at General Motors, millions of dollars, taxpayers' money. What's the future of the auto sector in the work you're doing in this ministry? Are we just going to walk away from it and give it to Toyota or something like that? What's happening? One in seven jobs was related to the auto sector. We're talking real jobs. What are you doing in innovation to create and maintain, or at least retain, those existing skilled, high-paying jobs?

Hon. John Milloy: Certainly we can talk about the auto sector from the vantage point of the Ministry of Research and Innovation. Obviously we work in close collaboration with the Ministry of Economic Development and Trade, which has a lot of the leadership in terms of the auto sector.

At the same time, as I think I referenced a few minutes ago in an answer to another question, I really believe that the auto sector is part of Ontario's future. It is a future industry. Certainly as a government we've always talked about support for the sector in terms of transformation, in terms of developing the new products, the new approaches, the new technologies to move forward.

To talk again from the viewpoint of MRI—and my colleague Minister Papatello could give you a perspective from economic development and trade—to just give you some of the examples of what we're working on, and I think I referenced this in another session that we've had here: We've invested \$1 million through the innovation demonstration fund in the Woodbridge Group. Woodbridge, of course, is developing a clean technology called BioFoam, which is made from renewable soy oil, using local feedstock. The government is also helping the automotive sector by supporting the initiative for automotive manufacturing innovation through the Ontario Research Fund's research excellence program. This university-industry consortium will research and develop new technologies to produce lightweight, cost-competitive cars. Our government is also supporting the automotive and manufacturing sectors through funding to the BioAuto council. The BioAuto council looks at opportunities to position Ontario as a global leader in the manufacture of auto parts, related materials and chemicals from biological feedstocks.

There are some of the larger auto-related funding announcements we've made. But also through other programs we're supporting research and commercialization, which is certainly related to the auto sector and to the auto parts sector. As I say, very much our attitude is transformational.

Mr. John O'Toole: Thank you. I think that has been helpful—just in a specific case—for me representing my constituents as effectively as I can, but also the industry that's in transformative change.

One last question—and it's not treacherous. It's probably a little bit outside of the scope here, but when you look at the two things, the bio-based solutions, probably for fabrication, to get lighter weight and all that—I'd expect that the biggest thing is the battery. Is there anything going on in innovation in battery technology in research? We've got two—we're not California. We have two competing forces: We're not flat and we're very cold, both of which are a drain on batteries. With these electric cars, to which you're giving \$10,000, there should be a lot going on on the battery side of this. Is there anything going on specifically, where you're partnering with somebody developing new solutions? The real problem is the weight, and batteries don't last in the cold.

The Chair (Mr. Garfield Dunlop): We've just got a minute left in this round.

Hon. John Milloy: Yes, I think we may have touched on batteries earlier. I don't know, Deputy, if you want to, or ADM Rockingham.

Mr. George Ross: Right. There are a number of research projects going on at Ontario institutions focused on battery technology. I'd have to go into our records, take a look at how much support we've provided to them, but I know that the University of Waterloo and McMaster and other universities are focusing on battery technology; yes, absolutely.

Mr. John O'Toole: Good. I appreciate the time. Thank you.

The Chair (Mr. Garfield Dunlop): Thank you very much, Mr. O'Toole. Mr. Miller, do you have anything?

Mr. Paul Miller: Just a clarification for me: The minister earlier tabled some answers, I guess he said. Obviously these answers won't appear on the television, but they will appear on official records, the answers to Mr. Bisson's questions and anyone else's questions?

The Chair (Mr. Garfield Dunlop): Yes.

Mr. Paul Miller: Where will they appear and what access would the public have to the answers?

The Chair (Mr. Garfield Dunlop): Yes, yes. They'll be—

Mr. Paul Miller: And the public would have access to the answers?

The Chair (Mr. Garfield Dunlop): I'll have to ask the clerk.

The Clerk pro tem (Mr. William Short): They will be exhibited with the minutes of the proceedings, which are public documents. So they'll be exhibited, and as well, they'll be distributed to all the members of the committee.

Mr. Paul Miller: And would they appear on the website or anywhere?

The Clerk pro tem (Mr. William Short): No. They'll be accessible to the public by our office.

Mr. Paul Miller: Okay. Thank you.

The Chair (Mr. Garfield Dunlop): Any more questions, Mr. Miller?

Mr. Paul Miller: No.

The Chair (Mr. Garfield Dunlop): Mr. Delaney?

Interjections.

The Chair (Mr. Garfield Dunlop): There being no further questions, we will move to the vote, committee members. Thank you very much.

Shall vote 4301 carry? Carried.

Shall the estimates of the Ministry of Research and Innovation carry? Carried.

Shall I report the estimates of the Ministry of Research and Innovation to the House? Okay.

Thank you very much, members of the committee. We'll adjourn the meeting now. We'll reconvene next Tuesday morning at 9 o'clock.

Hon. John Milloy: Mr. Chair, can I—

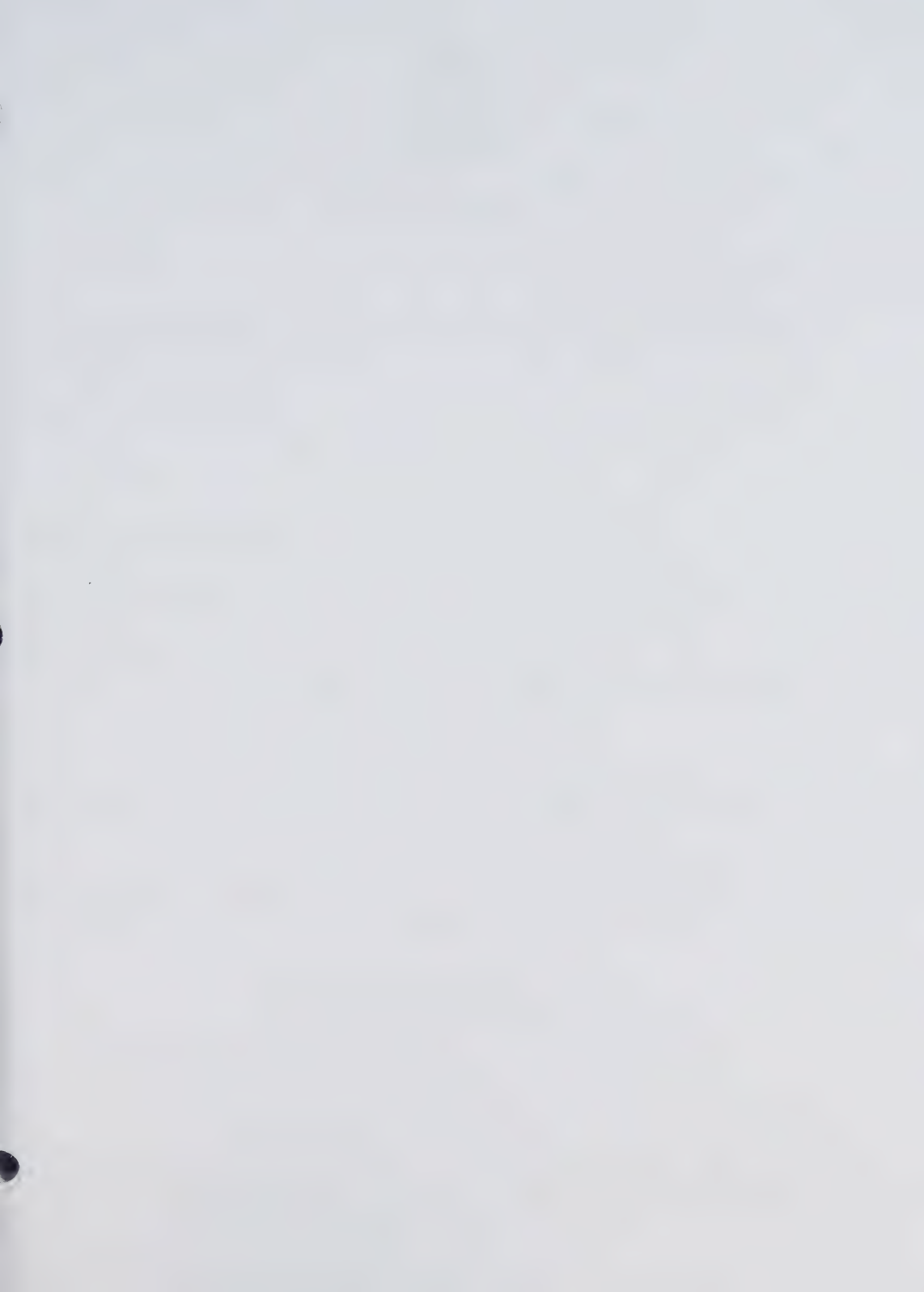
The Chair (Mr. Garfield Dunlop): I'm sorry; yes, to the minister.

Hon. John Milloy: I just want to get 10 seconds to thank the committee and thank the Chair, but also to thank all the good folks at the Ministry of Research and Innovation, who I know put in a lot of long hours to prepare for this. I just want that on the record, to thank them, and obviously, as I say, thank the committee.

The Chair (Mr. Garfield Dunlop): And in closing, I too would like to thank you, Minister, for appearing, and all the people from the Ministry of Research and Innovation. Great job, and thank you very much.

With that, we'll adjourn the meeting.

The committee adjourned at 1654.



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Tuesday 29 September 2009

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Mardi 29 septembre 2009

Standing Committee on Estimates

**Ministry of Municipal Affairs
and Housing**

Comité permanent des budgets des dépenses

**Ministère des Affaires municipales
et du Logement**

Chair: Garfield Dunlop
Clerk pro tem: William Short

Président : Garfield Dunlop
Greffier par intérim: William Short

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 29 September 2009

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*The committee met at 0900 in room 151.*MINISTRY OF MUNICIPAL AFFAIRS
AND HOUSINGMINISTÈRE DES AFFAIRES MUNICIPALES
ET DU LOGEMENT

The Chair (Mr. Garfield Dunlop): We'll call the meeting to order. We're here today for the consideration of the estimates of the Ministry of Municipal Affairs and Housing for a total of 15 hours.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

Are there any questions before we start the meeting this morning?

I now call vote 1901. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party. Then the minister will have up to 30 minutes for a reply. The remaining time of the 15 hours will be apportioned equally among the three parties.

I'd like to welcome everybody here this morning. I'd like to welcome Minister Watson and all the folks from the Ministry of Municipal Affairs and Housing.

Minister, we can start with your first 30-minute statement.

Hon. Jim Watson: Great. Thank you very much, Mr. Chair, and members of the committee. I hope that after 15 hours I don't lose my voice. I'm suffering the first cold of the season, so I apologize. My voice is deeper than normal.

It's a pleasure to appear before you, and I'm pleased today to talk to you about the work of the Ministry of Municipal Affairs and Housing.

First I'd like to introduce my senior ministry officials who are here today and whom I may ask to provide technical details in response to questions that committee members may have.

With us today on my left is Deputy Minister Fareed Amin; assistant deputy ministers—Dana Richardson is behind us and that's Pam Skinner over there; Robert

Taylor and Ralph Walton; our legal director, Joanne Davies; and communications director Jodi Melnychuk.

I want to acknowledge the hard work and leadership that this team and our entire ministry demonstrate every day, and in particular in preparation for estimates. As you can well imagine, this is quite a binder that they have to put together, and an awful lot of briefing sessions back and forth. So I'm very appreciative of the work that they do, helping me do my job, and also in implementing our government's plan for building safe, strong and sustainable communities.

We're achieving this by developing collaborative partnerships with Ontario's 444 municipalities and promoting accountable local governments.

The ministry continues to promote a housing market that serves the full range of Ontarians' housing needs, helping Ontarians who need assistance and protecting the rights of tenants and landlords.

We are also working on developing a new long-term housing strategy to make it easier for Ontario families to find and maintain affordable housing.

La stratégie à long terme de logement abordable va fournir un cadre au logement abordable pour les 10 années à venir en Ontario. Nous renforçons la capacité des municipalités de répondre aux besoins spécifiques de leurs communautés, et ce, en leur fournissant davantage d'outils à même de soutenir les efforts de planification, de gestion et d'investissement pour l'avenir.

And we're encouraging sustainable forms of development, protecting valuable green space and working with municipalities so they can thrive in a developing green economy.

The ministry is providing these services and conducting its business in a fiscally responsible manner. We're holding the line on human resources expenditures, and program costs have been managed effectively.

In these challenging economic times, I'm especially pleased that the spending on expenditures such as consulting services and travel has generally declined over the last few years. In 2008-09, the ministry underspent its operating budget by \$4.7 million.

I can also assure you that the agencies for which I'm accountable, such as the Landlord and Tenant Board and the Ontario Mortgage and Housing Corp., have always been expected to comply with government policies and directives regarding expenses. The chairs of these agencies have recently reconfirmed their compliance with government procurement practices.

Throughout the entire ministry there is strict adherence to procurement practices. This is about more than just following the rules. It's understanding that we've all got a responsibility to do the right thing with taxpayers' money. I'm confident that the ministry will continue to provide cost-effective and efficient services for the public and meet the highest standards of transparency and accountability.

The Provincial-Municipal Fiscal and Service Delivery Review is what I'd like to spend a few moments on now. Our strong record in this area is exemplified by the tremendous work we did together under the Provincial-Municipal Fiscal and Service Delivery Review, the PMFSDR. Through this unprecedented provincial-municipal partnership, we conducted a comprehensive examination on how best to deliver and fund services for our communities. Working with the Association of Municipalities of Ontario and the city of Toronto, we carefully scrutinized what solutions were sustainable and affordable. Economic circumstances added significant challenges to this initiative, but the partners at the table persevered and reached a fair agreement.

The Minister of Finance and I, joined by municipal leaders from across the province, announced the final report of this key partnership in the fall of 2008—in fact, about a year ago next month. In this consensus report, the province and municipalities outlined a shared vision and a sustainable model for delivering services to Ontarians. Major commitments in the report include social assistance benefits programs being uploaded to the province, including the municipal share of Ontario Works benefits; and uploading court security and prisoner transportation costs.

Once the elements of the report are fully phased in, the net benefit to municipalities will be approximately \$1.5 billion per year. This means property tax dollars that used to pay for social assistance benefits will be available for other important local priorities.

The province, AMO and the city of Toronto have also agreed to jointly develop an accountability framework for social services and simplify and modernize the delivery of income assistance and employment-related supports. We will also work together to consolidate the many existing housing and homelessness programs that we share. We are focused on finding ways to use public dollars in the most prudent and effective fashion, and developing measurements to make sure that we are achieving our goals.

By 2018, the total annual ongoing support to municipalities, including other provincial initiatives, is projected to be \$3.8 billion. This is an increase of approximately \$2.7 billion, or 250% over 2003, which was the year we had the honour of forming government.

In addition to the achievements detailed in the final report, our government addressed some key concerns about municipally funded services early on. This included the uploading of the total cost of the Ontario drug benefit plan, ODB, in 2008, and the Ontario disability support program administrative costs in 2009,

thus saving municipalities \$158 million and \$86 million respectively.

We increased the province's share of local public health funding to 75%, up from a 50% level in 2004, thus saving municipalities a further \$147.3 million. We strengthened provincial funding for land ambulance services, moving to a 50-50 funding by 2008. This brings the total additional investment for municipal services to just over \$300 million since 2006.

For the provincial gas tax, two cents of every litre is available to municipalities for public transit. By 2010, this will be a total investment of \$1.6 billion, and we've repeatedly made timely investments in core municipal infrastructure, such as the \$450 million we provided in March 2008 to fund 243 municipal projects for roads, bridges, sewers and community centres.

In August 2008, we also allocated an additional \$1.1 billion to support municipal infrastructure investment under the Investing in Ontario Act, 2008. This funding went to many important projects. For example, more than \$4 million was provided to Quinte West to help build a new recreation centre. In Waterloo, more than \$6 million was invested in the Sunnyside supportive housing facility and the Waterloo regional airport, and in Huron East funds were used to help build a new health centre.

Compte tenu du budget de 2009, notre gouvernement continuera à investir comme jamais auparavant dans des infrastructures qui bénéficieront à nos collectivités et qui stimuleront notre économie.

L'investissement dans les infrastructures de 27,5 \$ milliards sur deux ans bénéficiera aux collectivités locales, et ce, de maintes façons, en améliorant notamment à long terme les transports, la santé et l'éducation.

0910

Approximately \$780 million in new funding will be provided directly for municipal projects such as arenas, libraries and local transportation projects. Overall, our government has invested \$6.6 billion in municipal infrastructure in the last three years alone.

On the issue of the Ontario disaster relief assistance program, or ODRAP, which I have responsibility for: In addition to this ongoing, significant municipal support, the ministry also has an important role in assisting municipalities during serious emergency situations such as natural disasters. The ministry works with Emergency Management Ontario to monitor emergency events and advise municipalities on disaster relief assistance and planning for emergency situations. Over the last year, we provided more than \$4.5 million for public and private assistance under the ministry's ODRAP to communities hit with severe flooding and storm damage and to help repair critical municipal infrastructure. Earlier this month, I declared a disaster area for the town of Blue Mountains, the municipalities of West Grey and Grey Highlands and the township of McNab/Braeside, which means that individuals will be able to apply for assistance under ODRAP.

Another important way that our government has worked with municipalities is by providing local govern-

ments with more autonomy and flexibility to respond to the specific needs of their communities.

We passed legislation to amend the Municipal Act, 2001, giving our municipal partners broader powers and greater legislative freedoms to pass bylaws on significant matters such as those related to transparency and accountability, and consumer protection initiatives. These new powers are similar to what we provided to the city of Toronto under the City of Toronto Act, 2006.

To further enhance provincial-municipal collaborations, we've strengthened, in the legislation, formal consultations through a memorandum of understanding between the province and AMO. Under this MOU, which I believe is working extremely well, we continue to have monthly meetings where cabinet ministers and municipal leaders have discussions about relevant issues. A similar process has also been developed with the city of Toronto because, as you may know, Toronto is not a part of AMO.

The ministry has established less formal but valuable partnerships with other areas within the municipal sector to support Ontario municipalities. For example, we are working collaboratively with the Association of Municipal Managers, Clerks and Treasurers of Ontario, AMCTO, on a municipal internship program. We also partnered with this association as well as with AMO on Local Government Week to engage youth about the key role that local government has in shaping our communities. This year, Local Government Week takes place from October 18 to 24.

Consultation is also a key theme when it comes to provincial, municipal and aboriginal relationships. The ministry takes the government's commitment for a new relationship with aboriginal people, as well as the crown's duty to consult with aboriginal peoples, very seriously.

Nous croyons que les communautés autochtones devraient participer aux initiatives ministérielles et municipales qui pourraient les concerner de près, et qu'elles devraient être consultées à ce propos d'une manière respectueuse qui favorise la coopération mutuelle. Pour nous guider dans notre action visant à établir un nouveau programme répondant aux besoins en logement hors réserve des populations autochtones, nous avons, par exemple, fait appel aux organisations autochtones qui ont, à leur tour, beaucoup consulté les communautés autochtones.

Aboriginal organizations have been full partners in this housing initiative. We have signed agreements, just this year, with them to deliver an \$80-million housing program to off-reserve communities. One of the most important aspects of this initiative is that aboriginal housing will be designed and administered by those who know their communities best, giving aboriginal people more say in how their affordable housing is delivered. When developing provincial planning policy, we've also engaged aboriginal communities to ensure that their perspectives and concerns are taken into account.

The fact is that it's good business for municipalities to regularly engage aboriginal peoples on local matters. In

many communities across Ontario, municipal governments and neighbouring aboriginal communities are developing stronger relationships. Together, they are creating opportunities to improve the quality of life for their residents.

Developing more efficient and innovative approaches to land use and development is another aspect of our ministry's efforts to build sustainable communities. Sustainability is increasingly recognized as a fundamental principle that should guide long-term community planning and is critical to long-term prosperity. So our government developed a comprehensive plan to support sustainable development, including the greenbelt plan, the growth plan for the greater Golden Horseshoe, land use planning reforms, the Green Energy and Green Economy Act, the Clean Water Act, the strategy to protect Lake Simcoe, and the sustainable transportation network under Metrolinx. These actions represent a new milestone in sustainable planning and they are helping Ontario's communities reach their potential.

In regard to Ontario's 1.8-million-acre greenbelt, we have established criteria to consider requests from municipalities to expand it. Ontario's award-winning greenbelt is recognized as one of the most effective greenbelts in the world. It protects some of Ontario's most valuable watersheds and wetlands, allowing us to enjoy cleaner air, water and land. The greenbelt prevents sprawl and reduces smog and pollution. It offers fantastic recreation and tourism opportunities, and the value of the greenbelt's ecosystem services has been estimated as worth at least \$2.6 billion each year. The David Suzuki Foundation summed it up by saying, "The greenbelt's working landscapes provide essential ecosystem services or benefits for the eight million residents across the greater Golden Horseshoe."

Ontarians overwhelmingly support the greenbelt and value the benefits it provides. In a recent poll, 93% of respondents supported the greenbelt and 91% agreed that "the greenbelt is one of the most important contributions of our generation to the future of Ontario."

Since the greenbelt was established over four years ago, Ontario's citizens, municipalities and community groups have expressed interest in expanding the greenbelt. The final criteria were developed after the ministry conducted public consultations across the province. The Greenbelt Council, an advisory group consisting of stakeholders from different sectors and with a variety of backgrounds, also recommended that the province develop criteria for expanding the greenbelt. I want to sincerely thank Dr. Robert Elgie, a former MPP and minister, who has chaired the council since its foundation, and all the council members, past and present.

The Simcoe county area has received considerable attention, as the Chair certainly knows all about, so I'd like to address our approach to the area and its development pressures. The province developed a paper with a vision that is grounded in the growth plan, promoting sustainable growth and job creation and improving the quality of life while curbing sprawl and protecting the

natural environment and farmland. The Barrie-Innisfil boundary has frustrated long-range growth management for the city of Barrie and Simcoe county. The resolution of the municipal boundary is an important element in the overall strategic vision for the Simcoe area as it will help to ensure that the vision and objectives of the growth plan can be realized.

This past June, I was pleased to introduce Bill 196, the Barrie-Innisfil Boundary Adjustment Act, 2009, in support of the growth plan and the provincial vision for sustainable growth and prosperity in the Simcoe county area. Second reading of this bill took place last week, and it was referred to committee at that time. The proposed act was developed in consideration of the previous boundary work undertaken by the city of Barrie, the town of Innisfil and the county of Simcoe, which was facilitated by the Ontario Provincial Development Facilitator between 2006 and 2008.

The proposed municipal boundary would see approximately 2,293 hectares of land added to the city of Barrie by January 2010. They would retain current land use designations and would be subject to the current provincial and municipal land use planning process to determine the future use of these lands and how they will grow. Any planning application would have to ensure consistency with the provincial policy statement and conform to the growth plan and the Lake Simcoe protection plan.

Another part of our government's plan for sustainable communities is the reforms we made to Ontario's land use planning. The changes we made give municipalities more tools to shape how communities grow and manage land and resources more effectively while streamlining the process, making it more accessible to the public and providing clear rules and a level playing field for developers and landowners.

We are also addressing the challenge of brownfields. There are thousands of acres of vacant or underused lands in Ontario, many of which may be contaminated by their former use. Brownfield sites have tremendous potential.

Le réaménagement des friches contaminées soutient souvent l'optimisation et l'utilisation maximale des terres dans des zones où des infrastructures publiques—comme les routes et les installations d'eau et d'égouts—sont déjà en place.

This helps to minimize gridlock and sprawl and reduce pollution and infrastructure costs.

My ministry leads the government's coordinated approach to brownfields development, and we've facilitated brownfield development by making financial tools more accessible, supporting a more predictable and transparent process for redevelopment and addressing liability concerns. These actions, in fact, colleagues, are paying off. More than 60 municipalities have remediation and redevelopment incentive programs in place or underway. This is great progress. Only a handful of municipalities were involved when we first started our coordinated approach to brownfields. In communities like Hamilton, Thunder Bay, Kingston and Thorold, downtowns, water-

fronts and old industrial sites are being converted into vibrant communities.

The ministry has also updated Ontario's building code to establish higher energy efficiency requirements for buildings and promote green technologies.

0920

We continue to work with industry to implement these building code requirements by developing and coordinating training courses and best practices guidelines. As well, a Building Code Energy Advisory Council will be established to provide the ministry with advice on important matters of energy efficiency.

I'd like to turn now to the housing side of my ministry's portfolio. Our government is improving access to adequate, suitable and affordable housing. I've had the opportunity to sit down with many organizations, visit many housing communities across the province and meet with many experts.

J'ai pu voir de mes propres yeux, dans communauté après communauté, l'importance fondamentale et l'impact considérable du logement abordable. J'ai rencontré des locataires qui m'ont dit combien le logement abordable avait transformé leur vie.

Low-income families, single men and women, senior citizens, victims of domestic violence, persons with developmental disabilities or those with mental illnesses are all benefiting from affordable housing. It provides stability and creates a strong base from which to find a job, raise a family and contribute to a community.

I recall a group of tenants I met in Kingston. I listened to one gentleman tell me how he had been a carpenter with a wife and young child. Tragically, he lost them both, and with them he lost his will to live. He had been homeless for nine years. But because of this small supportive housing project, he now had a place to call home. He used his carpentry skills to do minor repairs for his neighbours. This man is overcoming obstacles and is on his way to success.

Governments can't do everything, but we can make the lives of vulnerable people and those in need a little easier. That is why we remain committed to improving affordable housing.

Under the Canada-Ontario affordable housing program, which is administered by my ministry, all three levels of government have been working together to provide affordable housing, with an investment of more than \$700 million. So far, nearly 15,000 housing units have been funded and approximately 3,700 housing allowances for low-income people have been provided.

In our government's recent budget, we introduced new housing initiatives to build on this accomplishment. Our government is investing \$622 million to match the funding announced by the federal government's 2009 budget for a combined total of \$1.2 billion in housing. This funding includes more than \$700 million over the next two years for social housing repair and energy retrofits and \$540 million for the affordable housing program extension, which includes funds to create new affordable rental housing for low-income seniors and persons with

disabilities. Through this investment, we would renovate 50,000 social housing units over the next two years and build 4,500 new affordable housing units.

We are working hard to get this money out to local housing providers as soon as possible. I'm pleased to report that under the affordable housing program extension, we have already approved more than \$172 million for close to 2,000 units across the province, and under the social housing renovation and retrofit program, we have already approved more than \$21 million for the repair of existing social housing units. For example, earlier this month in Durham region, we celebrated five more affordable housing projects for a total of 160 units: four buildings that are ready for construction and one that is near completion. These projects were supported by \$11.2 million under the Canada-Ontario affordable housing program.

This month in Brantford, we also celebrated the start of construction of four affordable housing projects and the official opening of four other projects. These projects are supported by more than \$9.5 million in housing funding to create 171 affordable housing units in that community.

These are just a couple of examples of the constant progress being made in providing affordable housing in Ontario.

My ministry is also responsible for a number of other provincial housing programs. We deliver close to 35,000 rent supplements, which help make rent affordable for more Ontario families in need. We previously provided \$127 million to create and rehabilitate rental housing for low-income households through the delivering opportunities for Ontario renters initiative, known as DOOR.

I'm very pleased that our government has stabilized funding for the provincial rent bank at \$5 million this year. The rent bank helps vulnerable families cover rent costs for up to two months, allowing them to stay in their homes rather than being evicted. To date, we've invested more than \$28 million in the rent bank, which has helped more than 20,500 Ontario families stay in their homes. C'est une autre manière pour nous d'aider les personnes en difficulté en cette période économique difficile.

Ontario's municipal service managers are also getting help to repair social housing through a \$100-million investment we made in our 2008 budget. This money was distributed to all 47 service managers across the province. Already, more than 49,500 units have been repaired or are in the process of being repaired in areas such as health and safety and energy efficiency. About \$60 million has been committed or spent.

The Infrastructure Ontario loan program was also expanded to allow not-for-profit and co-op housing providers to apply for funds for capital projects. It's expected that about \$500 million in new loan financing will be leveraged through the loan program, providing municipalities with low-cost financing to help repair existing social housing in their communities.

Tenants have also benefited from the way rent increases are calculated under the Residential Tenancy

Act. Under the RTA, we created a transparent and stable annual rent increase guideline, tying increases to the consumer price index, which is a real cost indicator. In 2009, the increase is 1.8%, the third-lowest rent increase guideline in history. This is the right approach to determine how rents should increase, and protects more than one million renter households in Ontario.

Tenants are also protected under the RTA in other ways. For example, when landlords receive above-rent guidelines for higher utility costs, they must reduce rents if the utility costs go down and landlords must inform tenants of the building's utility costs each year. We just saw that with, I believe, Union Gas, which has received a rate decrease. So that will be passed on to the tenants.

Mon ministère aide également les locataires et les locateurs en leur fournissant des programmes d'information et des interventions en cas de différends entre locateurs et locataires.

Over 80% of complaints were resolved by education and intervention at the landlord-tenant board, which helps avoid the need for lengthy investigations and possible prosecution of alleged offenders under the RTA.

The default eviction process was also eliminated under the RTA, and every tenant facing eviction now has access to mediation or a hearing. However, there is a shorter eviction process for tenants who cause wilful or excessive damage to a unit or building or who cause a disturbance in a small rental building where the landlord also resides. Overall, the RTA has provided balanced protection for both tenants and landlords.

In my last few minutes, I've highlighted how we're making good progress with affordable housing. Gary Carr, Halton regional chair, summed up the province's work on affordable housing:

"I applaud the provincial government for coming back to, and partnering with, municipalities in the area of social housing. For a long time I have been saying that sustainable, predictable funding is required from senior levels of government to address municipal human service needs, including housing. The province has listened to the need of municipalities here and we are very happy about that."

What is needed, however, is a sustainable, long-term approach to housing, not just in Ontario but nationally as well. In the absence of a national housing strategy, Ontario is moving forward. My ministry has been working hard to set the groundwork for this strategy, recognizing that a successful affordable housing strategy for Ontario must be developed together with Ontarians and our community partners: municipalities, the not-for-profit sector and the private sector.

Following recommendations from our government's poverty reduction strategy and the provincial-municipal fiscal service delivery review, we reached out to Ontarians. Beginning in June, in Sault Ste. Marie, we kicked off a series of province-wide consultations, concluding tomorrow in Thunder Bay. I thank the committee for allowing me to go to that consultation; my parliamentary assistant is going to be here in my place.

Here again, we're doing this in a cost-effective manner, using in-house staff and resources rather than hiring external consultants. I value the opportunity to attend many of these consultations and talk to Ontarians from all walks of life.

Nous avons écouté tous les secteurs du logement social, et ces derniers ont apporté leurs idées en se fondant sur leurs expériences. Nous avons recherché des solutions pragmatiques, spécifiques et abordables pouvant être utiles dans le cadre de l'élaboration de ce plan.

We talked about the rules and legislation around housing and how we can make it easier to manage. By having a wide-ranging consultation, we want everyone to have sufficient opportunity to inform the development of this important initiative and create a common vision for affordable housing.

In conclusion, Mr. Chair and members of the committee, the ministry's work represents a great investment in our future, and the ministry will continue to use tax dollars appropriately, responsibly and wisely. As I mentioned, we are focused on strengthening our partnership with local governments and giving them better tools to thrive and grow in a sustainable manner. We'll continue to work with the municipal sector, so that these tools are fully utilized and will promote economic development, and we'll continue to work diligently to support the diverse housing needs of Ontarians and provide housing assistance to our most vulnerable citizens who need a helping hand.

Thank you very much for the opportunity to discuss these matters with you. I'd be happy to listen to your statements and take any questions you may have.

The Chair (Mr. Garfield Dunlop): Okay, thank you very much, Minister. We're just about on time, so we'll go now to the official opposition. Mrs. Savoline, you can start and you have 30 minutes. In your 30 minutes, you can do a complete statement or you can start to ask the minister questions and the ministry questions too.

0930

Mrs. Joyce Savoline: I can do whatever I want?

The Chair (Mr. Garfield Dunlop): Yes.

Mrs. Joyce Savoline: Thank you, Mr. Chair. This is my first time at this kind of process. I think it's very civil and a really good way to air concerns and to be able to talk formally, but it's almost informal and less of a confrontational situation. I really appreciate this opportunity, and I want to thank the minister for coming despite what, obviously, he's challenged with this morning.

First I'd like to say that I did attend the AMO conference this year and was quite involved with the delegations. It was like old home week for me because, as you know, I was in municipal politics for 24 years, so there were a lot of familiar faces. I guess what I found out was that everything old is new again. Some things just never change. But I did have the pleasure of speaking with many delegations from municipalities across this province.

I think one thing that was resounding in their comments was the concern and not a clear understanding of

the HST as it applies to municipal services and programs. In this ministry alone, I guess there's a difference in rebates, and local governments are asking, through resolution of their councils, that they receive a 100% rebate on HST as opposed to the 78% that is being proposed. They feel that they require exemptions in some of their programs for recreation, rental of their facilities—and actually their comments were quite plain: They'd prefer that the HST not even exist, let alone go through the encumbrance of a rebate process. So that's one of the things that I will be addressing.

Also, I'm interested in the municipal-provincial review. I'd like to talk a little bit about that. There was some concern to me that before the latest deficit numbers were even announced, the Premier made comments and announcements that that review process will be slower because of financial difficulties. He said, "As for the result of our provincial-municipal review, I can safely say, from our end, we won't be able to move as quickly as we first thought we could when it comes to taking on new financial obligations." That was an important comment in and of itself, but then, when you combine that with the later announcements of even further deficits, I'm concerned about whether or not that process will be even slower and trickle even more slowly to municipalities than first thought, because that exit strategy from all those mixed-up relationships and partnerships with the province was something that was very important 10 years ago and it's even more important in today's financial world. So I really feel that that's something I'd like to address.

I'd like to stop there and begin asking questions, because I think that's the part that I'm most interested in here.

The Chair (Mr. Garfield Dunlop): You can ask the questions to the minister, and if he needs any assistance from the staff, he'll ask them.

Mrs. Joyce Savoline: That's great, Mr. Chair.

Mr. Minister, I will start with the harmonized sales tax. You're proposing a 78% sector rebate for the harmonized sales tax for municipalities. Could you explain how this government has settled on 78%?

Hon. Jim Watson: The proposed 78% provincial public service body rebate for municipalities: When this was introduced, the Minister of Finance said that, as a sector, 78% of the rebate would keep the municipal sector whole financially. Our objective was to ensure that the sector as a whole was kept intact, that it wouldn't be a cost overall. In general, the harmonized sales tax would follow the same definitions and rebate rules that municipalities currently follow under the federal GST. As such, HST would apply to a number of items that municipalities currently don't pay RST to, such as professional services, accounting and legal. However, unlike the current provincial sales tax, as you know, municipalities will now be entitled to the rebate on those provincial portions of the tax paid, to the tune of 78%. So it was a figure that was developed by finance, looking at the overall impact of HST on the municipal sector. As a result, the figure, 78%, keeps the sector whole.

As a result of the fact that we knew that this would impact the municipal sector, we struck a working group between AMO, the city of Toronto and the province of Ontario. They're working together over the next couple of months to ensure that the municipalities have all the information they need to implement the HST, and that it's a smooth transition to a single sales tax.

So the figure of 78% factors in the rebate amount to keep the municipal sector whole.

Mrs. Joyce Savoline: If through this process that you're talking about, this discussion process, there was a conclusion that the rebate should be more, is that something your government would agree to?

Hon. Jim Watson: As you know, the tax policy falls under the domain of the Minister of Finance, so I can't commit to you on behalf of Minister Duncan. But we've always had a very good and positive relationship with the municipal sector. We're confident that the 78% figure will keep the sector whole, and that really is part of the exercise as a result of establishing the AMO-Toronto-Ontario panel: to make sure that everyone is comfortable with the number, the threshold and the implementation.

Mrs. Joyce Savoline: But you would go to bat for municipalities, Mr. Minister?

Hon. Jim Watson: I go to bat for municipalities every day I walk into the office.

Mrs. Joyce Savoline: Other parts of the MUSH sector do receive more: school boards, hospitals, charities and some qualifying non-profits. They're all receiving greater rates, some to the point of 100%. Could you explain why the difference?

Hon. Jim Watson: Again, that falls under the jurisdiction of the finance minister, and I would not be comfortable getting into detail on that particular aspect. But we can certainly ask the Ministry of Finance to follow up on your question. I don't know if Minister Duncan's appearing before estimates or not.

Mrs. Joyce Savoline: Okay; and finally, just a question: Would you agree to give municipalities the 100% that they're seeking as a rebate, just like the federal government does?

Hon. Jim Watson: Again, the commitment we've made is to keep the entire sector whole financially. We believe that the 78% threshold does in fact do that, based on the research done by the Ministry of Finance.

As I said, we're undertaking it; this is not simply a decision that's been made and we're just walking away from the decision. We're in fact sitting down on a formal basis with AMO and with the city of Toronto—because as you know, Toronto's not a part of AMO, so they're at the table as well—and it's with ourselves, as municipal affairs and housing and finance, to work through the transition between now and the implementation on July 1, 2010.

Mrs. Joyce Savoline: Okay, just for clarification: That process, then, is to create the awareness that 78% is the right number; it's not a process that is a discussion about whether or not that number should increase?

Hon. Jim Watson: That's correct.

Mrs. Joyce Savoline: It's just an awareness process?

Hon. Jim Watson: Well, awareness, and also to help the municipal sector with the phase-in implementation of the new tax policy.

Mrs. Joyce Savoline: Okay. I'd just like to continue with the HST. Again, several municipalities are sending in resolutions regarding HST with regard to how it's applied to minor sports. So my question to the minister is, will the province add rental and registration fees for minor sports to your list of exemptions from the new harmonized sales tax that will be implemented July 1, 2010?

Hon. Jim Watson: Again, that's a tax policy matter that would be properly addressed by the Minister of Finance.

Mrs. Joyce Savoline: Okay. Continuing then with harmonized sales tax, we've—

The Chair (Mr. Garfield Dunlop): The minister can't—there are revenue questions and financial questions for those two ministers, so it has to be what the impact is on municipalities, sort of tied in to that. I just want to make sure; I know it's a touchy subject.

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Mrs. Joyce Savoline: Okay. I mean, I can expand on my question, but all these questions relate back to municipalities—

The Chair (Mr. Garfield Dunlop): Okay, as long as they relate to the municipalities—

Mrs. Joyce Savoline: —and their programs, and they are concerned. These are resolutions that are coming in from municipalities asking the Ministry of Municipal Affairs and Housing to do something on their behalf to fix these issues that they're concerned about.

I'd like to move, then, to resale of houses and the harmonized sales tax. As part of the minister's long-term affordable housing strategy, Mr. Minister, I know it is a priority of yours to get more people into home ownership situations, and I applaud you for that. The HST will have a drastic effect on the resale of homes. Do you have plans to assist householders who are looking for resale purchases with these additional expenses? The expenses I'm talking about are not the expense of the actual sale of the home, but the expense for realty fees, lawyers' fees, mandatory energy audits—the list goes on.

Hon. Jim Watson: I appreciate the clarification because, as you know, on a resale home you're not charged the tax so there would be no impact on people buying what you'd call a used home as opposed to a new home. With respect to the ancillary services that go with the sale of a home, again it does go outside my mandate and jurisdiction. It's a tax issue. I'm responsible for the affordable housing construction component of housing within the government of Ontario.

Certainly on new home construction we did make a change. The Minister of Finance and I, and others in the government had a very constructive dialogue with the Ontario Home Builders' Association and BILD, which is the equivalent in Toronto, as well as other home builders' groups. I know I met with a number of folks from the

Ottawa home builders and others, and we did make changes in June 2009, which the home builders were very appreciative of, that make new home ownership equally affordable today as opposed to when the HST comes into effect. As you may know, those changes were announced, I believe, in June 2009, and the rebate would apply across all price ranges up to a maximum rebate of \$24,000, while ensuring that, on average, new rental housing priced up to \$400,000 would not be subject to an additional tax.

So we think we've landed on the new home construction threshold that the OHBA has come out in support of, as has BILD. I was at the OHBA annual general meeting last week in Niagara Falls and received very positive comments from builders that we perhaps did not think through the initial implication on new homes and we got it right this time. I think it was a situation that ended very positively, and I commend my colleague Minister Duncan and the finance ministry for working constructively with the OHBA and other home builders across Ontario.

Mrs. Joyce Savoline: Continuing with housing, in the 2003 platform, your government committed to "match federal support to create almost 20,000 new housing units for needy Ontario families"—that's just a quote from the literature. My question is: How many rental and supportive housing units have been built in the six years up to July 31? Your website shows 10,002. Has that number increased since July 31 of this year?

Hon. Jim Watson: I can give you the entire breakdown of where we stand right now. To date, 14,593 units are under way under the AHP, which was signed by the previous federal government and my predecessor John Gerretsen. Of that, rental and supportive units are 10,002, home ownership units are 2,898 and northern housing units are 1,693—those are the broad areas. The 43 participating service managers have committed to deliver up to 3,721 units for housing allowances.

Mrs. Joyce Savoline: Those are built?

Hon. Jim Watson: They're either built or under construction. One of the reasons there tends to be a delay, as those of you who have served on municipal councils understand, is that often there are delays in getting the zoning. There is an element of NIMBYism, perhaps—some people don't want affordable housing in their neighbourhood—the issue goes to the board and the process is dragged out several years.

The good thing about the current federal-provincial agreement that we have, which is a \$1.2-billion agreement over the next two years, is that those units have to be built by March 31, 2011. Our feet are to the fire, as are the federal government's and, most importantly, our housing providers'. We're only approving projects that are really shovel-ready. They have the zoning approvals, or they have a commitment from the municipality through a council resolution that the zoning and all the ancillary approvals are given.

As I said in my opening remarks, we've had great success. In fact, we're overwhelmed by the number of

applications that have come in, because there's been this pent-up demand for affordable housing units. We're also not requiring the municipal sector or the not-for-profit sector to provide one third of the funding. It's a 50-50 cost-sharing between ourselves and the federal government, so that makes it more attractive, and that's why we're being inundated with a lot of requests. We're moving those out as quickly as we can. I've said to our housing providers—and I'll speak to them again at the Ontario not-for-profit housing association AGM in November and any other housing group I've met with over the last six months—that the federal government has been very clear: Use it or lose it. I don't want to send any money back to Parliament Hill; I want it to stay in Ontario so we can get the housing units built.

Mrs. Joyce Savoline: Okay. Your website shows that there are 2,905 home ownership units and 1,667 units in the northern housing component. Could you provide an update on these numbers since July 31?

Hon. Jim Watson: Yes. I'm just wondering if we have the most up-to-date numbers. The figures I have are home ownership, 2,898; northern units, 1,693. This is as of—I don't have a date on this.

Mr. Fareed Amin: It's the most recent information we have.

Hon. Jim Watson: It's the most recent information we have—yes, 10,002, 1,693 northern and 2,898 home ownership, for the total of 14,593. Then the housing allowance rent supplement, 3,721, for a total under AHP of 18,340. That doesn't include the ROOF program, which provided about—

Mrs. Joyce Savoline: I'm sorry, it doesn't include—

Hon. Jim Watson: ROOF, rental opportunities for Ontario families, which is a \$1,200-a-year supplement. About 21,000 households have benefited from that program.

Mrs. Joyce Savoline: Okay. According to the Ontario Non-Profit Housing Association and the Co-operative Housing Federation of Canada, the housing market in Ontario is in a state of flux. It's changing in response to the deteriorating economic conditions. It's estimated that there is a need to provide an additional 9,000 rental units annually—that's annually—over the five-year period between 2009 and 2013. The demand will then increase to 11,000 purpose-built rental housing units annually over the five-year period between 2014 and 2018. Given that information from these two associations, what is your plan, Minister, to deal with this increased demand, given that over the last six years only just over 10,000 units have been built?

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Hon. Jim Watson: Well, 10,000 in addition to rent supplements, because we don't always have to build new housing. Rent supplements do provide a quicker means of providing affordable housing because the unit is already built.

There's a two-pronged strategy, Ms. Savoline, that we're working on. One is the long-term affordable housing strategy, which we committed to in the 2007 plat-

form. We've had, I would say at this point, over a thousand people show up at our town hall meetings across the province. I've been very encouraged by the turnout and the variety of individuals who are coming forward. They're tenants, they're landlords, home builders, anti-poverty activists and municipal leaders.

The strategy, if I could take a moment to explain the genesis of it: We've never really had a long-term affordable housing strategy. It has been that if there's some money, we send it out to our partners, units get built and we're back to having no money for a couple of years. Or government will change and one government will be pro-housing and the next will be not interested in housing.

What we thought we would do is develop a long-term affordable housing strategy and start by going out and consulting with the public, because as we all know, not all the wisdom rests here at Queen's Park, and we think there are a lot of good ideas from people on the front lines.

Just as a comment: One of the things I've been impressed with is the number of suggestions that are coming forward that don't require money. It's often the rules and regulations that we put in place that compound the problems and confuse the public and frustrate the providers. Our Social Housing Reform Act I think is about 600 pages long. We've had a number of very sensible solutions asking us to simplify that process so that people who are in the business of building and providing housing are not spending all their time filling out paperwork. So that will be part of our overall strategy.

We finish the public consultations tomorrow in Thunder Bay. We've been all over the province. We had a wonderful session in my hometown of Ottawa, at Our Lady of Fatima church, where it was so big that we had to get another tent outside in the parking lot. We've been to Lindsay, Windsor, Hamilton and Sudbury and we had three sessions here in Toronto.

That process, the public consultation process, wraps up on the 30th in Thunder Bay. Then, for the next several months we have what we'd consider bilateral discussions with groups such as the ones you've mentioned, with Habitat for Humanity, with the home builders' association, other experts in the field that can perhaps add a little bit more to the debate, and start drilling down to some specific ideas that we can include in the affordable housing plan.

From there, we'll take several months to write the report, and we hope to have the report in the late spring of 2010 that would be presented to cabinet. That's what we're doing to develop a long-term strategy.

In the short term, because the need is there, I worked with my provincial and territorial counterparts for the last year and a half to convince the federal government that there was a desperate need to have the federal government back in the housing business. As you know, a few years ago they got out of the housing business, for all intents and purposes, although CMHC still plays a key role nationally.

We worked very closely with housing ministers from all political stripes across the country and in the territor-

ies. We think, together with our work and with that of the not-for-profits, our message was heard on Parliament Hill, and the federal government did announce \$622 million, which we're very grateful for.

Some have suggested that the money is on the table for housing because the current federal government is more interested in economic stimulus than housing, but we'll take it any way we can get it. So we got the \$622 million. Then the onus was on us to match the funding, and every province and territory, I'm pleased to report, including of course here in Ontario, matched the funding. So in Ontario we have \$1.2 billion. As mentioned in my remarks, we anticipate that over the next two years that will rehabilitate and renovate 50,000 units across the province.

All of us know examples in our own communities where social housing or not-for-profit or municipal housing is in pretty deplorable shape. In Toronto, for instance, there are approximately 250 units that were written about several months ago in the Globe and Mail that are completely uninhabitable. Even though we're not building a new unit through renovation and retrofit, we're actually bringing new units on that people can live in, thus reducing the wait-lists.

In addition to that, we anticipate building 4,500 new affordable housing units across the province. Again, we've announced \$70 million or so in those projects where the shovels are in the ground. I know, for instance, projects that I've seen in my own hometown where the work is being done as we speak.

Mrs. Joyce Savoline: Okay, I guess my concern is that the process is ongoing and consultation continues and the report isn't written yet, and so we'll be 9,000 units behind, according to these folks, by the time December 31 rolls around in 2009.

It would be my hope that you could confirm that you would roll those in to whatever numbers you come up with for future years, because 2009 is certainly part of the calculation that these two agencies have done. Could you confirm that you will take their advice in hand as you move forward with your report and include these 9,000 units?

The Chair (Mr. Garfield Dunlop): You've got about four minutes in this round.

Hon. Jim Watson: Thank you very much, Ms. Savoline. We have a very good working relationship with ONPHA, and they are going to be one of the groups that we're going to be meeting with. They've come to a number of our sessions, obviously—their members. I'll be addressing and having bilateral discussions with a number of their delegations, similar to what I do at AMO with their conference, again this year.

I don't want to prejudice what's going to be in the report, because we're still listening to the public and we still have to write the report. But what we tried to do was to bring that balance of, "Yes, we need a long-term strategy"; "Well, that's not going to help people in the short term," and we blended that or married that with the fact that we were able to secure \$622 million in this

year's budget to get that money out the door to start building new units.

One of the challenges we all face in government is that the demands are up here and the ability to pay is down here. So what we're trying to do is to come up with a strategy that is not simply new money—we recognize there will be a need for money for housing—but also, what are some of the creative solutions that have been used around the world to provide more affordable housing? Is there a need for greater rent supplements, for instance, in existing buildings? That works well when there's a healthy rental market. It doesn't work well, obviously, when there's a tight rental market.

We also understand—we know—that the federal government is committed to a five-year extension of the affordable housing program, the AHP. We were told that we couldn't, for the first two years, tinker with the agreement, because they wanted to get it out the door as quickly as possible. I respect that, because the last thing you want to do is open all these agreements when you should be building houses, because this is all about economic stimulus for the next two calendar years.

But we do have the commitment by the federal government for the next three years. So part of the exercise of a long-term affordable housing strategy is, how do we spend those dollars wisely for years three, four and five? Ultimately, because we know there's such a demand and we know housing is not a quick fix—it is a long-term issue—how do we get the federal government to commit beyond years three, four and five and work with us to develop a truly national housing strategy?

We're the only G8 country that doesn't have a national housing strategy, so I think there's a lot of goodwill that has been created over the last couple of months as a result of the federal members and the minister, Diane Finley, seeing the good work that is being done with housing.

I've always argued that it's the best economic stimulus because it's quick. You can get housing built a lot faster than you can a major infrastructure program like a bridge or a tunnel or a subway or things like that. It's a quicker turnaround to actually get the shovels in the ground.

I was out twice for Habitat for Humanity builds. I don't know if you've been out on their sites.

Mrs. Joyce Savoline: Oh, yes.

Hon. Jim Watson: It's really quite fascinating. It taught me two things: how out of shape I am and how difficult construction is—and how sore I was that day, because I stayed for the day, both in Ottawa and Scarborough—but also how many jobs are created on the construction site. Whether it's the guy with the canteen truck or the person bringing the drywall or the carpenters or the plumbers, there are people coming and doing all this. It's a big job creator, housing, and that's why I'm pleased that our government, under Premier McGuinty's leadership, has seen fit to match the funding by Prime Minister Harper's government.

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The Chair (Mr. Garfield Dunlop): You must know exactly what four minutes is, because it's exactly—

Mrs. Joyce Savoline: We'll take it.

The Chair (Mr. Garfield Dunlop): Thank you very much, Ms. Savoline.

Now to the third party: We'll have 20 minutes in this round and another 10 after lunch. We'll adjourn at 10:20 a.m. The floor is yours.

Mr. Michael Prue: Thank you very much. I want to preface my remarks with the comment that my colleague Cheri DiNovo will be sharing my time. I intend to ask mostly questions related to municipal affairs, and it's my belief that she will be asking you housing questions later on, inasmuch as the NDP has determined, in its wisdom, that we actually split this portfolio.

I'd like to start with a topic that's very much in the news and the subject of a bill, and that's the Barrie-Innisfil boundary dispute and the legislation that is before the House at this time. It has passed second reading and is on its way to clause-by-clause discussion in committee. My question is a simple one, and I raised it during the leadoff speech. The town of Innisfil will lose somewhere between \$50 million and \$80 million in tax assessment as a result of the loss of these 2,300 prime agricultural hectares to Barrie. There are numerous precedents over Ontario in the last number of years. A couple that come to mind right away are Tecumseh and the city of Windsor, where compensation was given; the Woodstock example, where compensation was given; and there was another one as well that is not coming immediately to mind. These are 2003, 2004 and 2005 examples. Is the minister intending, through the legislation or later on, to arrange to provide compensation for Innisfil, because the loss of this much money for a small community is enormous?

Hon. Jim Watson: I did hear you; I was in the House when you spoke. I believe you used the figure \$80 million. I'm not sure where that figure came from, because certainly we don't believe that the value of the land is that much, as a starting point.

Secondly, our belief is that these kinds of compensation matters are best dealt with municipality to municipality, and at this stage I know there are discussions between Innisfil and Barrie. We've certainly offered our assistance in any way we can, but there are no plans at this stage to offer provincial compensation dollars to Innisfil.

Mr. Michael Prue: I do recognize that this was a 31-year process: Barrie coveted the land immediately south of them, and Innisfil jealously guarded it until the minister took action. What caused you to take action to take the land off a smaller municipality and give it to a larger one? Was it simply that Barrie needs room to grow, or was there some other consideration?

Hon. Jim Watson: The fact is that under Places to Grow and growth plans, Barrie was the employment node in Simcoe county and they were literally running out of land. If you look back over the 31 years, there's been a history of portions of Innisfil and other surrounding municipalities that have been carved away to give to Barrie.

We went through an extensive series of growth plans around the province and forecast 75,000 new jobs in the Simcoe area by 2031. We were not satisfied with the work that had been done by the county, because the growth was going everywhere. If you look at the figures that the county put forward, it was almost: "Who wants growth? Great, you've got it." That's not good planning. If we're going to have urban nodes that are going to be employment and residential nodes, we have to be serious about where they go, so that we don't create the kind of urban sprawl we've seen in too many jurisdictions around the world.

This thing had been percolating literally for three decades, and no one really wanted to take a stand and say, "What are we going to do?" We can't designate Barrie as the urban growth area in that part of Simcoe county and not give them the land they need to ensure proper, sensible growth.

We tried diligently to find an amicable solution. My philosophy and my background, and our government's background, is that we'd very much rather have the two parties work it out. We sent in the Provincial Development Facilitator; I met on a number of occasions, both separately and together, with Innisfil's and Barrie's elected representatives; and we brought in the county to see if they could be of some help. But the positions were too polarized; there was no give and take. Barrie had signed on to the Provincial Development Facilitator's consensus agreement; Innisfil did not. At some point, because the province does have that authority, we could either stick our heads in the sand and disavow our growth plan, which we weren't prepared to do, or we could take the proper action. We accepted the Provincial Development Facilitator's acreage in total and brought in the bill, and it's now before the committee.

Mr. Michael Prue: I fail to understand, though, if the whole reason was to develop these 2,300 hectares for housing and for commercial and industrial purposes, as a node for employment, why it had to be transferred to Barrie. If the ministry simply said, "Here are these 2,300 hectares; this is what we want to do with them," why couldn't it be part of Simcoe county and/or Innisfil?

Hon. Jim Watson: Well, because the corporation of the city of Barrie is the designated growth area.

Mr. Michael Prue: But the land is identically set there. It doesn't matter whether people come down from Barrie to work or come up from Innisfil to work. I'm sure both are going to happen whether Innisfil owns it or Barrie owns it. Since the ministry has said this is the growth area, why did it have to be given to Barrie?

Hon. Jim Watson: Because the growth area was not given to Innisfil. It was given to Barrie, and if we are going to expand Barrie's boundaries as the designated growth area, the land would have to be attached to Barrie, not to Innisfil. Innisfil is not one of the growth areas designated in the growth plan.

Mr. Michael Prue: The land doesn't move.

Hon. Jim Watson: The boundaries do.

Mr. Michael Prue: Okay, but the land does not move, so I don't understand why it could not have been accom-

plished with Innisfil getting the tax revenues, and the like, as opposed to Barrie. That's what I don't understand. The land is not moving; it's not going anywhere.

Hon. Jim Watson: No. I think I'm repeating myself, but Barrie is the designated growth area. In order for Barrie to fulfill its obligations, it is also required to expand its boundaries and get the bill passed by January 4, 2010, because that's when municipal elections take place. Barrie has the capacity and the financial wherewithal to service those lands, and we believe that Innisfil does not. If we are going to designate those areas for commercial or housing or subdivisions instead of farmers' fields, where there's a very low cost of servicing, there's a cost to provide those services. Barrie is in a much better place to provide those services because of the infrastructure they have as a separated city.

Mr. Michael Prue: There were two parcels of that 2,300 hectares that are puzzling to me. One of them is the forest that has been transplanted and maintained by Innisfil, and that has been transferred. How does the transfer of the forested lands work into the ministry's plans to have this developed? Is it the intention to take the forest down?

Hon. Jim Watson: No. Barrie will take ownership on January 1, if the bill is passed by this Legislative Assembly, and will maintain exactly the same zoning on those lands. It would be up to the city of Barrie to go through rezoning and site plan. It would have to be consistent with the provincial policy statement. I can't prejudice what their actions or plans are going to be, but they would have to follow all of the government rules as set out by the provincial policy statement and apply just as any other individual or municipality would.

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Mr. Michael Prue: So the ministry is anticipating that Barrie could come forward in the future to use those lands, which currently have a forest on them, for industrial or residential use?

Hon. Jim Watson: I can't speculate on what's going to happen in the future. I just don't know.

Mr. Michael Prue: The second one which was a little puzzling to me was that the industrial area known as Doral park has its water supply, which is part of Innisfil and Simcoe county now, supplied by a pond or something and that is going to be given to Barrie. I foresee some difficulties down the road with having the water supply in one municipality and the industrial park in another. Can you tell me why you separated that out?

Hon. Jim Watson: I can't. I'll be pleased to get ministry staff to get back to you on that.

Mr. Michael Prue: Okay. I still have about 10 minutes until we stop?

The Chair (Mr. Garfield Dunlop): Yes. Exactly 9 minutes.

Mr. Michael Prue: Okay. We'll get into another area which has also been in the news over the last few weeks and months. That is that you, as minister, recently reinstated a regulation allowing limousine and cab drivers to pick up fares in the city of Toronto. I asked this ques-

tion in the House and I was perplexed by the answer, so this is a better place to get the answer than the one minute that time will allow you or me to ask or answer the questions.

If a Toronto taxi driver drops someone off at the airport and wants to pick someone else up on a prearranged ticket, they have to pay a \$10 charge, wait in the compound for up to an hour or two hours and then often-times, as I'm given to understand, if the prearranged person gets frustrated and sees a whole lineup of Mississauga cabs and simply takes one, they're out of pocket \$10 plus the waiting. You have said that you made this decision on environmental grounds. I'll get to the environment in a minute. Why did you not simply state that the limo drivers would have to pay \$10 to pick up someone when they picked up in Toronto? I don't understand why it's all one way in your ministry.

Hon. Jim Watson: As you know, Mr. Prue, as a result of our intervention, nothing changes, because the Toronto bylaw did not come into effect. It was before the courts. I believe it technically still is before the courts. So these were the arrangements that were in place before.

What Toronto decided to do was to use its authority under the City of Toronto Act to make those changes that would have made it extremely difficult for a prearranged limo to come to Toronto to pick up a paying fare and then bring that person back to the airport. So as a result of my intervention, the status quo remains: The public will have those choices of whether they wish to take a cab from Toronto to the airport or whether they wish to prearrange—we call it a limo, but it's in essence a sedan service from the airport to pick someone up.

Mr. Michael Prue: You say nothing changed, but I sat in this very room with some of my colleagues opposite here when this bill went through. There was some opposition—and there were certainly a lot of cab drivers in the room—and the statement was made that the reason the anti-scooping bylaw and all of the provisions for the Mississauga limousine and cab drivers were being made to allow the passage of the bill was that Toronto would have the jurisdiction to protect its own drivers, and I was requested by my Liberal colleagues to please let the bill pass on those grounds. I feel somewhat duped, because the bill was allowed to pass and the cab drivers went out of here fairly happy. Mr. Zimmer, your colleague, attempted to make a motion to not allow the city to do that. I mean, it was a whole mess in here one day, but the promise was made: Toronto would have that authority. The city of Toronto people went out of here happy with that. When did this understanding stop?

Hon. Jim Watson: Let me just clarify: The anti-scooping issue is more than simply Toronto cabs coming to the Pearson airport. It was in many instances, as we all know, illegal cabs that didn't have licences, didn't have insurance, and I've experienced it. I used to; I don't anymore. When I arrive at Pearson airport, these people are waiting for you by the baggage carousels: "Hey, do you want a cab ride downtown?" We were trying to prevent that from hurting legitimate cab drivers and legitimate

limo drivers. That's a different issue than the one that you're dealing with.

The second thing is, you have to remember you had raised earlier the issue of the \$10 fee that the airport authority is charging. The airport authority is governed by the federal government. We have no jurisdiction over their rules and regulations; it's federal territory. They're entitled to set that fee structure as they are entitled to set whatever fee structure they have for their sedan service. I'm not familiar with what that structure is.

Mr. Michael Prue: But the city of Toronto wanted to have the same authority, which you and I granted them, to make that decision so that a limo driver would have to pay \$10 to pick up fares in the city of Toronto. It would put the Toronto cabbies and the limo drivers on the same equal footing, and you stepped in to make sure that didn't happen. I still don't understand the rationale as to why you decided that there could not be equality between the two sets of drivers.

Hon. Jim Watson: Again, I emphasize the fact that we can't control what the fee structure is by the federal government through the GTAA.

Mr. Michael Prue: But you know what it is.

Hon. Jim Watson: I know what it is but I don't know what it's going to be. We have no say in that. We also didn't know what the structure or the rules or regulations around the Toronto bylaw were going to be.

We felt that the current system worked well, that limos couldn't simply come and scoop people up; it had to be prearranged. We thought that was giving the consumer the choice. If I want to take a cab or I want to take a sedan, I should have that right, as a tourist or a visitor or a resident of the city of Toronto, to have that kind of service. It was simply giving consumers that choice and maintaining the status quo, which we think the system works well at.

Mr. Michael Prue: You also made a statement in the House that I found perplexing, which was that this was an environmental reason, that it made no sense to have a limo driver come all the way downtown and drop off the fare without being able to pick one up and drive back empty. I put the question to you that the opposite is equally and even more true: It makes absolutely no sense to have Toronto cab drivers drive a fare out to the airport and come back empty 99.9% of the time.

The Chair (Mr. Garfield Dunlop): A couple of minutes.

Hon. Jim Watson: Again, ultimately it's up to both drivers, whether you're a limo driver or a cab driver, to attempt to make those kinds of arrangements on prearranged pickups either way. They're both allowed under the status quo rules. You can have a prearranged cab pick you up at the Toronto airport and you can have a prearranged limo. If it works out that you're able to coordinate those pickups and drop-offs at the same time, then you're not going to have an empty limo or a cab either way.

Mr. Michael Prue: The system as it's set up, and you obviously are aware of it, is discriminatory against

Toronto cabbies at the airport, or in fact cabbies from any other jurisdiction other than Mississauga at the airport. Is there any chance that that will change, or is it your view that the status quo must prevail?

The Chair (Mr. Garfield Dunlop): A quick answer, Minister. We'll clean up these 20 minutes here, okay?

Hon. Jim Watson: The status quo is going to prevail. We've made that decision. We've notified the city of Toronto and we've notified all of the interested parties. The reaction has not been over the top, as I think some would suspect. I think people have recognized that nothing changed as a result of the decision I made as Minister of Municipal Affairs and Housing, and that the status quo will prevail because it's in the best interests of the industry and of the consumers who use the taxi and limo service and this city and the airport.

Mr. Michael Prue: Thank you. I'll get back to this topic when we come back.

The Chair (Mr. Garfield Dunlop): So a recess for now, and we'll reconvene right after routine proceedings this afternoon. We're recessed.

The committee recessed from 1020 to 1547.

The Chair (Mr. Garfield Dunlop): We'll reconvene the meeting. I'd like to welcome the minister and all the folks from the Ministry of Municipal Affairs and Housing back this afternoon.

SUBCOMMITTEE REPORT

The Chair (Mr. Garfield Dunlop): First of all we have a subcommittee report. Mr. Arthurs, I understand you could maybe move it for us.

Mr. Wayne Arthurs: Your subcommittee on committee business met on Tuesday, September 29, 2009, and recommends the following:

(1) That the Minister of Economic Development and Trade be requested to appear before the committee on Tuesday, November 17, 2009, during the consideration of the 2009-10 estimates of the Ministry of Small Business and Consumer Services.

The Chair (Mr. Garfield Dunlop): You've all heard that motion. Are there any questions on it? All in favour? It's carried.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

MINISTÈRE DES AFFAIRES MUNICIPALES ET DU LOGEMENT

The Chair (Mr. Garfield Dunlop): With that, we now go back to the third party. You have 10 minutes remaining in your first 30 minutes. Mr. Prue.

Mr. Michael Prue: Thank you very much. I think it behooves me to preface my remarks with a clear, unequivocal statement that I am not a candidate for mayor of Toronto.

Hon. Jim Watson: You're the one.

Mr. Wayne Arthurs: Prue for mayor.

Interjection: Maybe Ottawa?

Mr. Michael Prue: Maybe Ottawa, but not Toronto.

Mr. Bob Delaney: And not Mississauga.

Mr. Michael Prue: No; I love Hazel.

I was asking you questions about taxi regulations in Toronto. I'd like to go back to that topic. The first time I heard that the minister had made a unilateral change to the regulations—and I suppose that's within his purview and his mandate—was when I returned from the AMO conference in Ottawa. Can you tell me when you made the decision to tear up the city of Toronto's bylaw?

Hon. Jim Watson: I don't know the specific date, Mr. Prue, but I believe it was at some time in September that we notified the parties.

Mr. Michael Prue: It had to have been August. I was at AMO when it happened.

Hon. Jim Watson: I stand to be corrected. Where was the letter? My mistake; it was July 31, I believe, that we notified them.

Mr. Michael Prue: Notified the parties. Did you have consultations with the mayor or council of the city of Toronto before taking your action?

Hon. Jim Watson: My office did have some discussions with the mayor's office staff, but the first time we notified the mayor's office that we were going to go ahead with it and that the regulation had been signed was when I corresponded with him.

Mr. Michael Prue: Which date? July 31?

Hon. Jim Watson: I believe that is correct, yes.

Mr. Michael Prue: Was there anyone else other than the mayor's office? The reason I'm asking this is that as soon as I heard the news, I contacted Howard Moscoe, who is the chair of the licensing committee. He's a councillor and the chair of the licensing committee at the city of Toronto, and he had not heard of the news.

Hon. Jim Watson: I had no contact with Mr. Moscoe. I traditionally deal with the mayor or the mayor's office, as does my office.

Mr. Michael Prue: Was the mayor supportive of the action you were taking?

Hon. Jim Watson: No, he wasn't.

Mr. Michael Prue: Okay. Since this—did you discuss it with anyone else? I'm thinking specifically, and I don't want to get into caucus secrets—there are 18 members of the Liberal Party who represent ridings in Toronto. Was this discussed with them?

Hon. Jim Watson: No, I certainly didn't have any discussions with any of our caucus members. I didn't attend a caucus to discuss this. No.

Mr. Michael Prue: So the only person you had a discussion with, as far as I can understand—because you certainly didn't have one with me—was the mayor, who disagreed, and then you went ahead and did it without any other discussions. Did you discuss it with the taxi industry?

Hon. Jim Watson: No. We had discussions, obviously, internally with our own staff. We had representations, and I believe letters, from the taxi industry and

the limo industry. Both sides obviously had different opinions on what action should be taken.

This was in the context of—as you know, there's a requirement under the City of Toronto Act for us to conduct a review of the act, initially a cursory review, of technical issues and then a more substantive review at the five-year mark. So this was, I believe, the two-year mark when we were reviewing the act, after the first couple of years in existence.

Mr. Michael Prue: Correct me if I'm wrong, but this is the only case since the passage of the City of Toronto Act where the minister has intervened and struck down a Toronto bylaw that they were empowered to write.

Hon. Jim Watson: I'm sorry, could you repeat the question?

Mr. Michael Prue: This is the first and only instance where the minister has intervened since the signing and the promulgation of the City of Toronto Act. This is the only time the minister has ever intervened and struck down—

Hon. Jim Watson: I believe that's correct, and my deputy has just reminded me that officials from our ministry met with the taxi industry in August as well.

Mr. Michael Prue: This was after it was done.

Hon. Jim Watson: That's right.

Mr. Michael Prue: And were any of them supportive?

Hon. Jim Watson: I'll ask the deputy. I don't know who took the meeting. I wasn't involved in that meeting.

Mr. Fareed Amin: We met with them, as the minister mentioned, in August and, no, they were not supportive.

Mr. Michael Prue: So I would take it then that the only people who were supportive of your action, since you did not consult with your caucus, the opposition, the city of Toronto other than the mayor's office, which was opposed, no members of the taxi industry—the only people who would have been supportive, I would take it, would be the limo drivers at the airport.

Hon. Jim Watson: They were supportive; that's correct.

Mr. Michael Prue: They were the only ones? They obviously were consulted.

Hon. Jim Watson: Well, I suspect that those people who use limo service or sedan service would be supportive of the ability to maintain the right to prearrange a limo drive to the airport, and I suspect that's probably in the thousands. I'm assuming there are thousands of people on a weekly basis who use that service.

Mr. Michael Prue: Did you consult with any of those limo users?

Hon. Jim Watson: No. I didn't personally.

Mr. Michael Prue: Did you consult with any of the limo drivers or the companies that hire them?

Hon. Jim Watson: I didn't. Our ministry staff may have had meetings but I wasn't involved with them.

Mr. Michael Prue: I'm just completely flummoxed. This whole thing happened without consultation literally of anyone other than the mayor's office, which was not supportive—not the taxi drivers in advance, the limo drivers in advance, the riders in advance, the Liberal

caucus in advance, any members of the Legislature, and the decision was unilaterally made. Was the sole basis that I've heard from you so far—I've heard two answers. One in the Legislature was an environmental reason, so that the limo drivers wouldn't have to drive back with an empty car. The second one was what you said today, that the purpose was to leave the status quo in place. Was that the only rationale for making this decision?

Hon. Jim Watson: No. As I mentioned to you this morning, it's also about consumer choice and to give individuals the ability to prearrange a sedan service in Toronto to go to the Pearson airport.

Mr. Michael Prue: So this whole thing was done for consumer choice, then?

Hon. Jim Watson: Well, among the other reason I gave—the environmental reason.

I think you have to remember, as I've said a number of times, nothing changed. There was not a licensing system in place for the airport limo service because it was caught up in a court case. The bylaw was never enacted. So the taxi drivers and the limo drivers will see and have seen no change as a result of my actions. It's maintain the status quo, as it has been for the past several years.

Mr. Michael Prue: The taxi drivers are amongst the poorest people in Toronto. Many of them earn less than minimum wage by the time the day is done. How is this action that you took going to assist them?

Hon. Jim Watson: Nothing has changed. Nothing changed the day before I made the reg, nothing changed the day of, nothing has changed the day after—

Mr. Michael Prue: So they will remain amongst the poorest-paid people in the city.

Hon. Jim Watson: No, you asked, "How is this going to change?"

Mr. Michael Prue: No, I said, "How is it going to help them?"

Hon. Jim Watson: Well, it gives them the right to continue to go to Pearson airport, pay the fee and have a pre-arranged pickup, just as airport limo drivers now have that right.

Mr. Michael Prue: My last question: Did your ministry or the Ministry of the Environment conduct studies to confirm that your regulation will actually reduce emissions of the limo drivers going back with or without a fare?

Hon. Jim Watson: No, I think common sense would tell you that going back with a fare makes more sense. You're not going back with an empty vehicle.

Mr. Michael Prue: Thank you, Mr. Chair.

The Chair (Mr. Garfield Dunlop): Minister, you have up to 30 minutes to make further comments and respond to anything that has been said today, or if you don't want to use it up, we can go right into rotations for the official opposition.

Hon. Jim Watson: I'm happy to offer some comments, in addition to responding to one of Mr. Prue's questions that he asked this morning. If you'll permit me, I'll read the answer into the record.

Mr. Prue had asked about the Doral industrial park's water supply. The Doral Business Park is located in Innisfil, in an area known as Innisfil Heights, which is outside the areas proposed to be annexed to Barrie. The Barrie-Innisfil Boundary Adjustment Act does not include any reference to services outside the proposed annexed area, and to staff's knowledge there's no intention to transfer the water supply for this area to Barrie. The Innisfil Heights area includes a number of businesses which currently are not serviced with sanitary sewers. While most businesses in this area currently receive municipal water from the town of Innisfil, they rely on various forms of septic or communal treatment systems for their waste water. Currently, Innisfil Heights does not have appropriate land use planning approvals to allow for future service development. However, under the proposed Simcoe Area: A Strategic Vision for Growth, the government is proposing that the Innisfil Heights area become a strategic employment area, which, if approved, would allow this area to be developed for higher-order manufacturing and industrial uses, creating new jobs for the Innisfil area and expanding the tax base for the community of Innisfil. This designation would also facilitate this area to be serviced by sanitary services. As part of the Simcoe strategy, the Ministry of Energy and Infrastructure will be undertaking a Simcoe-area infrastructure plan, including a strategy for water and waste water in the Simcoe area.

Ms. Savoline talked about a number of issues and ran out of time before we got to some of the discussion on the Provincial-Municipal Fiscal and Service Delivery Review. So I thought, in anticipation of her questions that she ran out of time to ask, I would spend a few moments of my 30 minutes just talking and bragging a little bit about the Provincial-Municipal Fiscal and Service Delivery Review, which Minister Duncan and I had the opportunity to co-chair, along with AMO and the city of Toronto.

The Premier gave us pretty strict marching orders when he established this review a couple of years ago. He said that it must be a consensus report and it must be affordable to all orders of government. I think that was a wise set of directions, because if we didn't have a consensus report, we would be in a situation where we would simply be producing yet another report that would sit on the shelves at Queen's Park and collect dust. So when we were told that it had to be a consensus report, it gave us the impetus that we all needed to ensure that we all put a little water with our wine and come up with a compromise that we could live with, that met the principles, as Mayor Hazel McCallion had told us at the beginning of the process, and that was affordable to both orders of government.

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Those of you who have served on municipal government realize the unfairness of social services being tacked onto the property tax bill at the municipal level. We're the only jurisdiction in Canada that still has social services on the property tax bill. From a principle point

of view, this was inherently unfair, so we undertook to remove those social service programs off the property tax bill.

Just to go over where those uploads stand today: In 2008, prior to the signing of the review, we proactively removed 100% of the Ontario drug benefit plan. In 2009, we uploaded 100% of the Ontario disability support program administrative costs, and in 2010, on a go-forward basis, we will be eliminating 50% of ODSP and then a further 50% the following year. For the Ontario Works benefit, the first upload begins in 2010, and it's uploaded in its entirety by 2018.

We also undertook to upload court security and prisoner transportation costs. Again, this was one of these odd situations where a provincial courthouse is run by the province but the security is paid for by the municipal police service and, thus, the municipality. What was even more irritating was that, in those communities that hosted a courthouse shared by surrounding municipalities, it was the host municipality that had to pay 100% of the cost. So you get into a situation—I think of Mr. Bailey and the courthouse in Sarnia—where you've got all of the surrounding communities that end up having to use the courthouse but they don't pay any of the cost, and thus Sarnia is saddled with the entire bill.

We're going to start in 2012 with the first upload of prisoner transportation and court security costs, and the entire upload will be finished by 2018.

In the chart that's in the plan—I just wanted to give you a visual sense of where things were in 2003, with just a little over \$1 billion in provincial support. This is operating net dollars. By the time all of the uploads take place—and this also includes land ambulance and public health costs—the figure will be 3.8 billion net new dollars for the municipal sector. This does not include capital infrastructure, and as a result, the figure obviously is much higher.

The review, while not perfect, is a good example of a partnership that we developed with AMO and the city of Toronto. They obviously would like to have seen the uploading taking place faster, but we felt the prudent thing to do was to build into our financial plan at the province those figures that we felt we could absorb in a timely fashion. As I said, we didn't wait for the review to be completed. In fact, we started uploading the ODB and the ODSP administration cost, which was a substantial amount of money.

The review is over, but the work continues, because there are a number of tables that were set up and work that has to be done, including a request from the city of Toronto that we review the costs of administering the Ontario Works and ODSP programs, because the cost for the administration continues to be a 50-50 cost-sharing, which the municipal sector had agreed on, but we take over 100% of the benefit costs, if you will.

We're in the process of bringing the province of Ontario into line with every other province and territory, where those local municipalities and those local property taxpayers are not saddled with the cost of social services.

The other issue, as I mentioned, with court security and prisoner transportation: That will be an upload to a maximum value of \$125 million. That is an estimate that has been derived from AMO in consultation with our Ministry of the Attorney General as well as the ministry of public safety. We have a working committee now working with those two ministries and our ministry, as well as AMO and the city of Toronto, to roll out the exact plan for the upload of court security and prisoner transportation and look at all the different models, but recognizing there is a limit of \$125 million on the upper end.

I just wanted to give you a sense of the magnitude of the work that we have done with the municipal sector over the course of the last several years. I give credit to my predecessors John Gerretsen and Greg Sorbara, who started the process of the fiscal review.

I just wanted to use, for instance, my hometown of Ottawa and the numbers of dollars that have flowed to that municipality, some through our ministry and some through others. We've put together a comprehensive chart, and I think it's worth noting. I know my colleague from Orleans is a great defender of making sure the east gets its fair share, as we all do to our own communities.

The Investing in Ontario Act saw the city of Ottawa receive \$77 million. I had the pleasure of announcing that money with Mr. McNeely and the mayor of Ottawa and Councillor Bob Monette at Petrie Island, which is an important part of Mr. McNeely's community. Some \$33 million of that will go to the cleanup of the Ottawa River, because unfortunately, yesterday we reached the billion-litre mark of raw sewage going into the Ottawa River.

The MIH program: \$20 million, which will go to build new archives for the city of Ottawa library. Social housing repair money: \$8.2 million. The provincial gas tax for that one year: \$35.9 million. That's the two cents a litre. Provincial gas tax, 2008-09: \$36.7 million, for a total of \$155 million. The 2008 roads and bridges money: \$14.6 million. The projected estimated savings for the city of Ottawa as a result of the provincial-municipal fiscal review and the uploads will be \$121 million.

In addition—and I know Ms. DiNovo will probably have some questions on this—the city of Ottawa benefited to the tune of \$368,000 this year for the rent bank, for a total to date of \$2.6 million. That has prevented 1,551 families from being evicted to date.

Affordable housing program extension: The city received \$6.7 million. Social housing repair: \$46.8 million. The strategic infrastructure fund: \$125 million. The RInC program, which was for recreation facilities—we again made the announcement in Mr. McNeely's riding, at the YMCA out there: \$7.4 million.

So it's a significant amount of money. I think those of you who had the opportunity to attend the AMO conference will recognize that the municipal sector is pleased with the work and progress we've made. I commend AMO and their leadership and the city of Toronto for working in the spirit of collaboration on the Provincial-Municipal Fiscal and Service Delivery Review. It's a good document and a good road map and

role model, if you will, for other negotiations between other orders of government.

So I'm very happy to give you that quick synopsis. Thank you, Mr. Chair, for your time. I'd be happy to answer more questions.

The Chair (Mr. Garfield Dunlop): Okay. Thank you very much, Minister. So we now go right over to the official opposition. They can start asking in 20-minute rotations.

Mrs. Joyce Savoline: Mr. Minister, I'm going to go back to the area that I left off with this morning, and it had to do with housing. I'll just set the stage for that again.

I'm going to go back to the January 2009 announcement: that the federal government announced its \$620 million for social housing. An additional \$622 million was committed by the province three months later, in March of this year. So this is a combined, whopping \$1.2 billion of funding.

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Working with the federal government, Ontario is committed to renovate 50,000 units of existing social housing and to build 4,500 units of new affordable housing. My question, then, is, as per this joint investment between the province and the federal government, could you provide an update as to how many of the 4,500 affordable units have been completed, how many are under construction right now, and also an update on the 50,000 existing units that have been repaired to date?

Hon. Jim Watson: I'll ask our officials to give a specific—the number would not be large at this point because the agreement was just signed a couple of months ago. I had the pleasure of making the announcement with the Honourable Gordon O'Connor, the Minister of State for the federal government in Ottawa.

You're correct that the \$1.2 billion represents \$700 million over the next two years for social housing repair and energy retrofits and \$550 million for the extension of the affordable housing program that brings us to the 50,000 units and 4,500 new affordable housing units. To date, we've approved more than \$76.5 million for 39 construction-ready projects across the province. Under the social housing renovation and retrofit program, we've approved more than \$21 million for the repair of existing social housing units.

I don't know if the deputy has specifics in terms of starts at this point.

Mr. Fareed Amin: Just to complement what the minister said, under the affordable housing 2009 program, to date we've spent \$172 million, which would represent close to 2,000 units—1,969 units. On the retrofit program, we've approved 6,195 units to date. As the minister mentioned, the total expenditure in that category is \$21.05 million.

Hon. Jim Watson: I might point out that the incentive is for us to get this money out the door and shovels in the ground, because if the projects are not completed, then the federal government withdraws the money. So there's no incentive for us to foot-drag on this. We want to get it moving as quickly as possible.

Mrs. Joyce Savoline: Okay. In addition to the housing units that will be created, there was a statement made that this program would create 23,000 jobs. How many jobs have been created up until now that you know about? And I'd like to know how you're calculating this number.

Hon. Jim Watson: There's a formula based on the number of housing units that is accepted in the industry, and that's how we got to the 23,000.

In terms of the number of jobs that have been created to date, Deputy, I don't know if we have that number, because our estimate is that that's based on all of the projects being completed by March 31, 2011.

We're confident in that figure of 23,000 because it's reflected on similar agreements that we've had with the federal government on the original AHP program going back to Minister Gerretsen's time.

Mrs. Joyce Savoline: I'd like to just go back to a question that I had this morning and build on it just to get some clarification. It was with respect to how the 78% rebate was settled on for municipalities. I had asked you how the government settled on that number. Minister, you've explained to me that this was the number that would keep "municipalities whole" and that you were confident that 78% was the right figure. Since the rate and the tax itself are locked in to 2012, my question is, would the minister consider putting a clause in this piece of legislation that would allow for some modifications should the 78% rebate prove to be insufficient for municipalities to remain whole? I'm asking this because I have great concern that once everything's locked in, if we've made an error somewhere, or if you've made an error somewhere, the hardship remains in place and compounds over at least a three-year time frame. I think it really puts municipalities at a disadvantage if that rate should have been higher.

Hon. Jim Watson: I don't want to sound like a broken record, but it is tax policy questions that you're asking, and I don't have the authority or jurisdiction. I know the Minister of Finance did appear before the estimates committee. I don't know if this line of questions were asked of him, but certainly that's a question that is best directed to the minister responsible for tax policy, Minister Duncan.

Mrs. Joyce Savoline: Okay, and I guess I'll go back to the same question that I asked this morning, if I may: Given that municipalities look to the Ministry of Municipal Affairs and Housing to be their coordinator or their glue to kind of work amongst the silos at Queen's Park, they would be looking to you as much as they would be looking to the Minister of Finance. If these numbers were proven, would you step up and back the case for municipalities if they find themselves in that hardship? Would you go to bat for them?

Hon. Jim Watson: I think there are two answers to that. One, we recognize that we need to consult the municipal sector, and that's why we set up a table with municipal affairs, finance, AMO and the city of Toronto for the express purpose of making sure the transition and the rules regarding rebates and so on are fully understood by

the municipal sector. People on that committee tend to be the CFOs or the city treasurers and so on of the various jurisdictions.

I am the advocate for the municipal sector in the government of Ontario, and I take that role very seriously. Obviously, if there are concerns regarding areas outside my own jurisdiction, I would certainly undertake to raise those with the Minister of Finance. We did it, obviously, with the housing sector vis-à-vis the threshold of \$400,000 to \$500,000. The minister was very accommodating on that front.

But we feel that the 78% figure will keep the entire sector as a whole, whole. We're confident that the municipal sector, as a sector, will not suffer as a result of the implementation of the HST.

Mrs. Joyce Savoline: I'm just asking, Mr. Minister, that there is a mechanism whereby municipalities can appeal that 78%, should it not be adequate because, as you know, if it's for one year, it might be something that can be covered by the municipality, but when it's compounded over three years or maybe even more, then it becomes a different kind of hardship. So I'm hoping there's a way through AMO that that discussion can take place. From what I understood this morning, the discussions that are ongoing are about how to get the message to the municipalities. It isn't a discussion about whether or not the 78% is adequate.

Hon. Jim Watson: That's correct. I think the mechanism that we established a few years ago that works very well is the MOU table that we have with AMO, the memorandum of understanding table.

I should take a moment to explain how that works, because it's a very effective way, I found, to keep in touch with our municipal partners on a monthly basis. Every month we jointly put forward an agenda of items of concern. We tend to put most of the items on as the province—those items that are coming either before the Legislature or before cabinet, items that would affect the municipal sector as per the conditions of the agreement signed by municipal affairs and housing and AMO.

The meetings are very effective. They're done in confidence so that we can provide information on a confidential basis. To date, to the best of my knowledge, we've never seen a breach of that confidence. Ministers appear and often parliamentary assistants appear. The AMO staff and AMO members have advance copies of the documents so they can prepare for questions. It's a very invigorating two-and-a-half, three-hour session with everyone from Hazel McCallion to Ken Seiling, the regional chair from Waterloo; Roger Anderson, whom I know you know; and Councillor Peter Hume, who is the current AMO president—along with a number of others from Lambton county and across the province.

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I believe that's the kind of forum where these issues would come up. That was why we set it up in the first place. So it tries to break down those silos. We have all of the ministers who are appropriate to the issue on the agenda come forward and speak to it. Because of the

success of that AMO MOU, the city of Toronto, because they're not a member of AMO—we've established a similar agreement that I signed with Mayor Miller and we've had our first meeting of the province. Again, it's worked very well, as well.

Mrs. Joyce Savoline: Okay, and I know there's a special assistance to municipalities, a loan, a program that provides the short-term loans to municipalities that have faced unforeseen expenditures. This might be one of them, if they're counting on a 78% rebate and by some twist of fate it becomes higher or their costs become higher. Given that you've indicated that 78% is the amount that you believe will keep municipalities whole, if the HST does put undue financial pressure on municipalities, would this be a program that they could refer to to compensate them for these unforeseen costs?

Hon. Jim Watson: It wouldn't. It's called the special assistance grant, or SAG, program. The total budget for SAG is about \$2.7 million for the whole year. I'll give you some examples of expenditures to date. It tends to go to small municipalities that have extenuating circumstances affecting their bottom line—a paper mill shuts down or a plant shuts down. Red Rock received \$500,000; Smooth Rock Falls, a little over \$1 million; Brant, \$225,000 related to a landslide; Billings, \$30,000 accumulated tax arrears on First Nations land. Weather-related, Thunder Bay, \$7,000 for a severe storm; Belleville, \$71,000 for flooding and so on. The Smooth Rock Falls and Red Rock were a result of plant or mill closure.

So it tends to be, one, a very small fund, and second, quite often oversubscribed. We try and ensure that it's for a one-time circumstance so that the municipality doesn't become dependent on the money, because it defeats the purpose of special assistance.

Mrs. Joyce Savoline: Do I still have time, Mr. Chairman?

The Chair (Mr. Garfield Dunlop): You've got six minutes.

Mrs. Joyce Savoline: Okay, moving, on then. When we were at AMO—and I'm sure you had the same delegations that met with the leader and me—a lot of the folks from the north—FONOM was with us—have great concerns that the Ontario municipal partnership fund that was introduced about four years ago to replace the CRF, community reinvestment fund—has been providing funding through four different grant processes: the social programs grant, the equalization grant, the northern and rural communities grant and, finally, the police services grant. It acts as the province's main municipal funding model. Starting in 2009, this benefit to each municipality will be calculated as a combined benefit of its Ontario municipal partnership grant, as we lovingly call it, plus the value of the uploads of ODB, ODSP and the Ontario Works benefit, and will be compared to its 2001 OMPF-based grants.

My question, Mr. Minister: The Premier told municipalities that this government wouldn't be able to move as quickly because of financial concerns and obligations that the province has. Given that these programs that

you're talking about uploading will happen, what happens to OMPF for the northern municipalities through this process?

Hon. Jim Watson: Just a couple of points: OMPF is administered by the Ministry of Finance, but as part of the Provincial-Municipal Fiscal and Service Delivery Review, there were a couple of decisions made when we signed off on the document last October. One was that we would continue mitigation funds for 2009 but that we could not commit beyond 2009; secondly, that we would establish a review panel between AMO, ourselves and the Ministry of Finance. I don't believe Toronto was involved, because they don't receive OMPF funding. That panel has met, I believe, three or four times. The final decision as to what changes, if any, to OMPF will take place will be at the desk of the Minister of Finance, and we made a commitment that we would get back to the municipal sector in the fall, prior to most municipalities starting their budgeting process.

We have, in fact, over the last several years, ceded to the request of the municipal sector and provided mitigation funding, including this past year of, I believe, approximately \$75 million to keep the sector whole through those mitigation funds.

I can say that the province is providing 405 municipalities, which is 91% of the municipalities, with \$949 million in support through the combined benefit of OMPF grants, which is \$704 million, plus the upload of ODB and ODSP for another \$245 million. This represents an increase of \$330 million, or 53%, over funding in 2004 under the previous program. I think we all remember the previous program; it was rather complicated to figure out. What were the initials of the—

Mr. Fareed Amin: It was the community reinvestment fund—

Hon. Jim Watson: The CRF. Remember the old CRF program? So this has been a fairer system. We've certainly provided a significant amount of money, more than we had in the past, but a final decision has not been made on future mitigation funds.

Just to come back to your comments with respect to the commitment on the uploading, the commitment is very much there. It's part of our fiscal framework. The Minister of Finance and I have both signed off on it and we're committed to meeting each of the milestones along the path of the fiscal review. To date, I'm pleased to report that every benchmark that we've come across, we've met or exceeded in terms of the uploads and will continue to do that. But it was made very clear, both at the AMO conference in a question in the bear pit session to Minister Duncan as well as at the launch of the review, that there was no commitment to mitigation of OMPF above and beyond 2009. We did find the money for mitigation in 2009, which was helpful.

The Chair (Mr. Garfield Dunlop): Just a quick question is all we've got time for here.

Mrs. Joyce Savoline: Okay. The question will be quick but the answer probably won't be, so what do you want me to do?

The Chair (Mr. Garfield Dunlop): You can ask the question later, or you can forfeit your time.

Mrs. Joyce Savoline: Okay. Again, the municipalities in the north—they've got real concern about this. They're not getting a good feeling for what's happening here and they believe that the upload versus what the benefits will be is going to be negative to their municipalities. So I'm just wondering whether or not you and the Minister of Finance have done a number check, run some numbers to see what the case scenarios may be for these municipalities, to see whether and how many of these municipalities will be worse off than before the change.

The Chair (Mr. Garfield Dunlop): The time's up for this rotation, so it's probably better if we started it out in the next rotation. Is that okay?

Mrs. Joyce Savoline: Yes.

Hon. Jim Watson: I can answer it in a minute, if you'd like, as to some of the things we've done.

A couple of things: First of all, in the 2009 budget, we allocated a record \$648 million for provincial highway projects in the north, which is a help to the north. We're also accelerating the business education tax reductions for northern businesses, ensuring that they'll benefit from the full reduction by 2010, which is four years earlier. So we have taken some measures specifically for the north. I know that our caucus colleagues in the north have pushed these kinds of initiatives that actually take some pressure off the property tax bill for northerners.

1630

The Chair (Mr. Garfield Dunlop): Okay, that's fine. Look, we really apologize for the noise from the construction, but it's just ongoing here this fall.

We'll now go to the third party. You have 20 minutes.

Mr. Michael Prue: For my next topic, I'd like to launch into one of my favourites, the institution everyone loves to hate: the Ontario Municipal Board. Board members often deal with quite contentious cases. I'm just wondering, board members, when they were before another committee—I'm trying to think which one I was at. Was it general government? I don't know. They were here just a few weeks ago, and I asked what kind of training board members received on environmental issues. Is the ministry satisfied with the amount of training that board members have on environmental issues?

Hon. Jim Watson: As you may know, Mr. Prue, the appointment process in the OMB falls under the jurisdiction of the Ministry of the Attorney General, not municipal affairs and housing.

Mr. Michael Prue: Yes.

Hon. Jim Watson: So you're best to ask the minister responsible for those appointments and the makeup and composition of the board.

Mr. Michael Prue: The Ontario Municipal Board oversees 450 municipalities and the decisions they make on planning issues. Is there anything the ministry oversees at all in this, then?

Hon. Jim Watson: I'm sorry?

Mr. Michael Prue: Is there anything that your ministry deals with at all in dealing with the OMB, or is it just an arm's-length agency of which—

Hon. Jim Watson: No, it's a quasi-judicial body. Obviously, the reporting structure is that the OMB is the responsibility of the Ministry of the Attorney General. The Planning Act, which is part of my ministry's responsibility, obviously is front and centre with the OMB. As you've correctly pointed out, a good number of the issues at the OMB are involving municipalities.

Obviously as a member of cabinet, all of the appointments for the OMB come through cabinet, through order in council. I support the appointments that we have made since forming government in 2003.

Mr. Michael Prue: The OMB is supposed to be there for sober second thought, but oftentimes—the OMB is sometimes involved, sometimes the cabinet is involved and sometimes the minister is involved.

Just some questions about SLAPP suits: The Places to Grow Act and the law in the province of Ontario for municipalities, and the ministry is supposed to abide by the growth plan. I don't think we have any disagreement at all that Bradford West Gwillimbury is not designated as a new urban growth centre, and yet the ministry did something that I do not recall happening, at least not in my eight years here and certainly since the time of the Harris government, and that is, it used the MZO, ministerial zoning order, for land swaps to facilitate this. Can you tell me why this was done?

Hon. Jim Watson: I was under the impression that you were asking about SLAPP legislation—

Mr. Michael Prue: I'm going to get into SLAPP in a minute, but first of all, why was the ministerial zoning order for a land swap done in the case of Bradford West Gwillimbury? I'm going to get into Big Bay Point. Mostly, that's what I'm interested in.

Hon. Jim Watson: I think I'll ask the deputy to refer to a staff member.

Mr. Fareed Amin: Yes, I'll invite Larry Clay, who is the director of our central region, to respond to that question.

The Chair (Mr. Garfield Dunlop): Go ahead, Larry.

Mr. Larry Clay: Thank you, Mr. Chair, and thank you, Deputy. Mr. Prue, the use of the MZO is an instrument that's available to the minister in situations where there's an interest in installing certain very specific land uses on a piece of geography. It has been used in the past across the province. In this instance, it was seen by the province as the most appropriate tool to ensure that the interests of the province were protected as the planning process went forward on these lands on OPA 15 and OPA 16.

Mr. Michael Prue: Why was the province so interested in environmentally sensitive agricultural land on the shores of Lake Simcoe?

Mr. Larry Clay: These lands that you're referring to, of course, are situated adjacent to Highway 400 near Highway 88. They are considered by many to be very strategically located, particularly for new industrial and

strategic manufacturing uses. The zoning order and the process that was put in place, which was approved by the OMB, in every way contemplate anything that's happening in that area to have to conform to the Lake Simcoe protection plan, the provincial policy statement, the Places to Grow Act. So everything that is anticipated for that development is consistent with legislation.

Mr. Michael Prue: Including the 2,000-unit condo resort, the 1,000-slip mega-marina?

Mr. Larry Clay: I think you're referring to a separate application proposal on Big Bay Point.

Mr. Michael Prue: Yeah, on Big Bay Point—that's what I was talking about. Is that consistent?

The Chair (Mr. Garfield Dunlop): Sorry. Are you talking about Big Bay Point, Bradford West Gwillimbury or both?

Mr. Michael Prue: Sorry. I'm trying to get into Big Bay Point. That's where I'm really—

The Chair (Mr. Garfield Dunlop): Okay. All right. Because I thought you were talking about Bradford West Gwillimbury for a sec.

Mr. Michael Prue: You're right.

Mr. Larry Clay: As was I.

Mr. Michael Prue: So can you tell me how those fit in with the provincial plans?

Mr. Larry Clay: Again, the Big Bay Point proposal was a situation on a development application where, through settlement discussions between the province, the municipalities involved and the various ministries and the agencies and stakeholders, a process was put in front of the OMB. The OMB, again, approved that. Again, any development that is contemplated on Big Bay Point has to conform to environmental legislation, has to conform to provincial legislation and the Lake Simcoe protection plan.

Mr. Michael Prue: Is this land not part of First Nations land or land that was used by First Nations for ritual purposes, burial sites and the like?

Mr. Larry Clay: I'm not aware of that, sir.

Mr. Michael Prue: Were the First Nations consulted at all before this proceeded?

Mr. Larry Clay: I understand that one of the First Nations, Huron-Wendat, was involved in the actual OMB proceedings.

Mr. Michael Prue: Was the Office of the Provincial Development Facilitator used?

Mr. Larry Clay: In the Big Bay Point proposal? Yes. The office of the provincial facilitator was responsible for bringing the parties together and facilitating settlement discussions.

Mr. Michael Prue: Could the parties be brought together? Obviously I think they were diametrically opposed.

Mr. Larry Clay: All parties to the OMB hearing participated in discussions, yes, and those were facilitated by the Provincial Development Facilitator.

Mr. Michael Prue: Including local farmers, residents, First Nations, environmentalists? Were they all brought into the tent?

Mr. Larry Clay: In this instance, the parties that participated in those discussions were those which were parties before the OMB.

Mr. Michael Prue: So other people who may have had a vested interest or something to say were not part of the facilitation?

Mr. Larry Clay: Not part of those discussions, no.

Mr. Michael Prue: Can you tell me why not?

Mr. Larry Clay: Typically, what happens when applications are before the board, you need to apply for either party or participant status. Those who do and are granted that status are able to either testify or participate in the hearings or if there are settlement discussions, they can participate in those.

Mr. Michael Prue: I'm aware of what happens at the Ontario Municipal Board, but does the facilitator's mandate not reach or can it not reach beyond simply facilitating those who are party to the case?

Mr. Larry Clay: In the instance of the Big Bay Point proposal, the mandate and the responsibilities from the facilitator were to bring the parties together.

Mr. Michael Prue: Can the Office of the Provincial Development Facilitator give us a list of the invitation—and whether or not any First Nations people were present?

Mr. Larry Clay: I think the Provincial Development Facilitator reports to the Minister of Energy and Infrastructure, so I'm not sure what protocol would be required for that.

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Mr. Michael Prue: It's my understanding that Mr. Alan Wells was the province's development facilitator, but he was not present. Is that correct?

Mr. Larry Clay: That is correct.

Mr. Michael Prue: Why was Mr. Wells not present?

Mr. Larry Clay: Mr. Wells engaged the services of another individual who was on contract with the development facilitator's office, and that individual facilitated the discussions.

Mr. Michael Prue: At the hearing, or during the hearing or immediately following the hearing, the opponents were slapped with \$80 million in lawsuits, I'm given to understand. Is that the correct amount?

Mr. Larry Clay: I understand that there were a number of legal actions involved between some people who had an interest in that application. We weren't, as a province, apprised of those, and we don't know the details.

Mr. Michael Prue: So the facilitator did not involve himself in that when ordinary people who were opposed to the development were slapped with giant lawsuits?

Mr. Larry Clay: Again, I don't think we can speak to the nature of those lawsuits, and I can't speak to whether they were of a nature that would be considered a typical SLAPP legal proceeding or whether they were other legal proceedings involving other issues.

Mr. Michael Prue: Back again—and I'm sorry for the confusion at first—to the Bradford West Gwillimbury circumstance. How did the Ministry of Municipal Affairs

justify the decision to pave some of the fine agricultural lands in Bradford West Gwillimbury, given that 84% of the land in that area is probably the best agricultural land in Ontario?

Mr. Larry Clay: First of all, the Ministry of Municipal Affairs—our role in these proceedings is that we have a one-window responsibility when we participate with other parties in front of Ontario Municipal Board hearings. We consult with and collect comments and information from all ministries, in this case including the Ministry of Agriculture, Food and Rural Affairs. As part of the negotiations and the settlement discussions, we take everything into consideration, and the eventual result that everyone agrees to typically provides the maximum value to all parties, but also ensures to the degree possible that provincial interests are protected.

In the situation of Bradford West Gwillimbury, all developments that will proceed in that area are required to meet very strict environmental assessment requirements and will be required to meet every requirement of the Lake Simcoe protection plan.

Mr. Michael Prue: Was that requirement contained within the staff report that's usually prepared in advance?

Mr. Larry Clay: That requirement is actually contained in the settlement agreement that was put forward in front of the Ontario Municipal Board, and the Ontario Municipal Board approved it. So, in effect, those requirements are set and they are required to be adhered to.

Mr. Michael Prue: When the OMB wrote its decision, they said:

"The appeal is allowed in part and OPA 15 is modified and approved as filed as exhibit 7 in these proceedings, contingent upon:

"1. the board being advised by counsel for Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing that a minister's order to implement OPA 15 has been made under section 47 of the Planning Act."

What has ensued since?

Mr. Larry Clay: Those minister's zoning orders are being finalized, and once they're finalized, they will be put to the minister for his consideration.

Mr. Michael Prue: And when might we expect that to happen?

Mr. Larry Clay: I think the staff are working very hard to get those done as quickly as possible.

Mr. Michael Prue: Can we expect them before the end of the year?

Mr. Larry Clay: That is the intent. The minutes of settlement contemplate those MZO's being in place before December and then the board will actually issue its final order. Once the board sees the MZO's are finalized and signed, the board will conclude and remove the conditional aspect of its approval.

Mr. Michael Prue: And is this the sole prerogative of the minister?

Mr. Larry Clay: The signing of the MZO's?

Mr. Michael Prue: Yes.

Mr. Larry Clay: Yes.

Mr. Michael Prue: So this is upon advice of staff, but in the end, the decision is the minister's and the minister's alone?

Mr. Larry Clay: Correct.

Mr. Michael Prue: Okay. Is the Premier's office involved in any way?

Hon. Jim Watson: No. This is a decision that I sign off on as Minister of Municipal Affairs and Housing.

Mr. Michael Prue: Without advice from the Premier's office? Often we see around Queen's Park the long fingers of the Premier's office.

Hon. Jim Watson: No, this is a task that has been delegated to the Minister of Municipal Affairs and Housing and it's mine alone.

Mr. Michael Prue: There was also the whole issue here—and I'm just curious about it—of a firm by the name of Toromont. Does the minister remember this issue?

Hon. Jim Watson: I'm familiar with the company, yes.

Mr. Michael Prue: There was some kind of statement made to the effect that Toromont had threatened to move to Manitoba if it was not allowed to consolidate operations on the Highway 400 corridor, followed in very short order by a Toromont statement from Mr. David Wetherald to the Toronto Star: "Our company, Toromont Industries Ltd., has no intention of moving 2,500 jobs from Ontario. We have never threatened to do so or set conditions for the province to meet to avoid this non-existent threat."

Did the province agree to the settlement discussion with the developers because this was hanging over the province's head?

Hon. Jim Watson: No, I certainly don't recall ever meeting anyone, and I don't even think I can name a principal from Toromont who ever came to see me saying that they would move their company. I certainly remember reading a letter to the editor in the Toronto Star that you referred to in the Legislative Assembly when we were discussing the Barrie-Innisfil piece of legislation that I have before the House.

Mr. Michael Prue: Did the minister's office receive correspondence from Toromont advising they were preparing to leave the province unless the minister's office intervened and issued the MZO's?

Hon. Jim Watson: I'd have to go back and check. I don't recall seeing a letter to that effect, but as you can well imagine, we get several hundred letters a week. Off the top of my head, I don't recall receiving a letter of that nature, no.

Mr. Michael Prue: Can the minister have the staff go back and see whether or not such a letter was written by Toromont?

Hon. Jim Watson: Sure. We'd be happy to.

Mr. Michael Prue: Thank you.

Was there any kind of report prepared in this particular case about Bradford West Gwillimbury and the plan? Was there a planning report prepared by staff for the minister's perusal or anything else?

Mr. Larry Clay: In respect of providing the minister with advice on whether the government should enter into and sign the minutes of settlement, yes. That's information that I've provided to him.

Mr. Michael Prue: And was the staff report favourable to proceeding in that way?

Mr. Larry Clay: The staff report provides a series of options and, at the end of the day, we provide a recommendation which the minister can consider.

Mr. Michael Prue: And was the recommendation from staff, at the end of the day, to proceed as the minister did?

Mr. Larry Clay: Yes.

Mr. Michael Prue: Is this cabinet secrecy, or is it possible to see a copy of such a memorandum?

Hon. Jim Watson: Deputy?

Mr. Fareed Amin: That's confidential advice to the minister.

Mr. Michael Prue: So it's not possible for anyone to see that?

Mr. Fareed Amin: I would have to take that under advisement, but I would suspect no, because it was confidential advice to the minister.

The Chair (Mr. Garfield Dunlop): Less than a minute here, just to clean up.

Mr. Michael Prue: Given that there's only a minute, I'll pass and go back to it later.

The Chair (Mr. Garfield Dunlop): Okay, thank you very much. We'll turn it over to the government. Mr. Ramal.

1650

Mr. Khalil Ramal: I want to first thank the minister for appearing before this committee and outlining the job of this ministry. This ministry, of course, touches every corner of the province of Ontario, dealing with all municipalities, from large to small, from urban to rural areas. I know every community has different problems and different requests, from social to affordable homes to health to ambulance and transportation and many different things.

I know you've been dealing with the gas tax over a long time and dealing with different municipalities and dealing with affordable housing. As we know—all of us—in this province, different governments came and left, and every government has a different strategy and direction in terms of affordable homes. We witnessed a big investment and then the previous government stopped the investment in affordable homes. The federal government also stopped their support for affordable homes. Since we got elected in 2003, we went back to it as a part of our strategy to deal with the poverty issue across the province of Ontario.

I know you participate with Minister Matthews and other ministers in order to deal with the poverty issue, and the poverty issue, as a part of it, deals with the homeless and deals with affordable homes, which is well indicated by many different stakeholders from across the province of Ontario who deal with poverty issues on a

daily basis. They outline how important it is to provide affordable homes.

I know affordable homes is a very complex issue. Some of it belongs to the federal, some to the municipality and some is supported by the province. So many different stocks of affordable homes have been neglected over the years, and some of them cannot be used, and many different municipalities ask for support. I know your ministry, not a long time ago, invested more than \$150 million or \$200 million in this regard to fix that housing and allow many low-income people to be able to use them and live in them again. But still, those problems have not been addressed fully.

I know you went across the province of Ontario to conduct a lot of consultations, I think in 14 or 15 communities across the province, to learn much about the needs of many different communities for affordable homes. I attended one with you in London not a long time ago in which many stakeholders came and voiced their concern—from Habitat for Humanity to the Sisters of St. Joseph to the Salvation Army, city of London and many others who voiced their concerns and told you how badly affordable homes are needed for the city of London and how many people are waiting to see new stocks and new places being built.

Minister, we have waiting lists—about 4,000 people in the city of London. I know you addressed this issue in various fashions, like rent supplements and many others. According to the statistics I read a couple of days ago, our investment reached \$1.2 billion so far between fixing the stocks and also building new housing. As you know, you committed, in the last budget, 2009, to fix almost 70,000 affordable homes and build 4,500. From your meeting in London and other jurisdictions, probably you got a lot of information.

How is the ministry going to address the badly needed affordable homes across the province—and whether the meeting in London was different than other meetings and whether the people from different communities have different issues.

As you know, many people voiced their concern on how the money is going to be allocated. As you know, we don't have similar sizes of communities across the province of Ontario. We have big and large and small and rural areas. So people are wondering.

As you know, in the first round, London didn't get any affordable homes, but I learned from your ministry, after I asked, that there is a second round and a third round. Hopefully London will be awarded some of those affordable homes.

Can you tell us and can you tell this committee how you are going to allocate the money, what the requirements are in order to apply for those affordable homes and whether those 4,500 are enough to deal with the issues, in conjunction with your strategy to deal with the poverty issue in the province of Ontario with the supplementary rent bank? As you know, some small municipalities and some small communities cannot take advantage of this opportunity and cannot deal with affordable

homes if you locate the money according to per capita. So what's your strategy? Can you tell the committee what your strategy is in order to allow many communities in the province of Ontario to participate in this endeavour?

Hon. Jim Watson: Thank you, Mr. Ramal, and thank you for hosting me in your riding when we did the London-area long-term affordable housing strategy session, which was, I guess, a few weeks ago now. We had a very good turnout at that meeting. We had people come in from Sarnia, Stratford and the surrounding area; London and St. Thomas. It was similar to all of the other sessions that I've had the privilege of attending.

Mario Sergio, my parliamentary assistant for housing, and my former parliamentary assistant, Carol Mitchell, did some of the sessions. I did a number of other ones, and I drew the long straw and got to go to London and speak with you and your colleague Deb Matthews.

It was interesting and important that Deb Matthews was there with us because one of the things that I certainly heard loud and clear in consultations that I held in my own riding in Ottawa West-Nepean on the poverty reduction strategy when I hosted a session at Foster Farm in a low-income neighbourhood in my community of Ottawa West-Nepean was that housing was paramount to dealing with poverty reduction in a significant and thoughtful fashion. The reason is that when people are spending 30%, 40% or 50% of their income on housing, everything else suffers, whether it's clothing for the kids, school lunches or any other activity that the family or the kids want to partake in. They're spending such a large portion of their money on housing that everything else suffers.

We've gone about it in two ways. In the short term, we've got \$1.2 billion spread amongst the federal and provincial governments to spend between now and March 31, 2011. That, by the way, is the single largest investment in affordable housing in such a short period of time in Ontario's history. So it's something that I think we can all be very proud of. It's going to make a difference—4,500 units.

I'll correct you, Mr. Ramal: It's 50,000 units for repair and rehabilitation. I think you mentioned 70,000, but it's actually 50,000.

I just wanted to outline to you what London has received from the provincial government since we had the honour of forming government in 2003. I give good credit to you and your colleagues Chris Bentley and Deb Matthews and certainly Steve Peters, who has a portion of London. London has done very well: the Investing in Ontario Act, \$33 million; the MIII infrastructure program, \$11 million; social housing repair, \$3.3 million; provincial gas tax, 2007-08, \$8.9 million, and 2008-09, \$9.5 million; roads and bridges, \$5.8 million.

The estimated cost savings for taxpayers in London as a result of all of the uploading: Court security—sorry, it doesn't include court security—just the social service uploads is \$52.2 million. Court security, because the courthouse is in London, will also relieve some of the pressure on property taxpayers.

The rent bank has seen \$188,000 go into London in 2009 and a total of \$754,000 since the program began. That has prevented 400 evictions in the city of London. The affordable housing program extension has seen a little over \$2 million go to it, and the social housing repair program for the next two years is \$18.8 million. That's based roughly on a formula of a combination of per capita as well as the number of units that each municipality has. London obviously has a fair number of units, so you get a fairly large portion of the dollars.

The Building Canada infrastructure component: London has benefited to the tune of \$50 million, and an additional \$32 million for ISF, and then the RInC funding—it has been a little over \$2 million for the recreation programs.

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The issue you asked about with respect to rent supplements—we do have a number of rent supplement programs. The largest in terms of the actual number of people helped is the ROOF program, which is rental opportunities for Ontario families. There are now 21,551 families that have received the ROOF housing allowance.

We sent out, in collaboration with the Canada Revenue Agency, a notice to all those people who were eligible for ROOF funding based on the criteria that were established in the program—their economic threshold, the number of children and so on—and the program is a five-year program beginning in January 2008 and it provides up to \$100 a month to a total of \$1,200 a year in rent supplements.

We don't have as many applicants as we know are out there, but we did send out two different mailings; we worked with community health centres and others to try to get the number up as close as possible. We're pleased that almost 22,000 families are benefiting from this particular program.

This is part of the exercise of going through the long-term affordable housing strategy. Why I was in London—and why I will be in Thunder Bay tomorrow evening—was to seek out answers from people primarily on the front lines of providing social housing and affordable housing options. It's not just about the government and it's not just about providing more tax dollars. It's about how we can work in a collaborative fashion.

I think one of the things I've learned very quickly is that housing in Canada and, for that matter, in Ontario, is very complex. It's multilayered. Many people have their hand in it. It's not as coordinated as I think it perhaps should be. Even within the government of Ontario, we have so-called silos. We've got supportive housing provided by the Ministry of Health; the BILD construction provided by our ministry; energy and infrastructure has a role to play in infrastructure; we have Comsoc that has a role to play; the Ministry of the Attorney General for halfway houses and so on.

One of the things we've heard from a number of the participants at these public forums—and I'm pleased that we've had close to 1,000 people; I think we'll pass the 1,000 mark as a result of the meeting on Wednesday in

Thunder Bay—is that people want us to simplify the programs and they want them to be less silo-driven and they want the left hand to know what the right hand is doing.

That's why we're trying to come up with a long-term plan, so that we can actually map out a road map similar to what we did with the fiscal review over a 10-year period and allocate dollars and mark milestones that we want to reach in terms of simplifying the system and so on. It's a fairly bold and ambitious undertaking but I'm very appreciative of the staff we have here at the ministry who are experts. They've been searching out case studies and best-case practices around the country, as I have when I meet with my provincial and territorial counterparts, as well as case studies without travelling around the world.

Mr. Khalil Ramal: Minister, thank you for the answer. When you were in London, I guess some of the people asked you questions about the formula you are using in order to award people the contract and to be eligible. I'm not sure—you said you were going to get back to them and outline the formula. I have no idea how we can advise our community, our stakeholders, about the formula so they can apply and not waste their time; so they'll know, if we have some kind of formula, before they apply and invest money in the application, when they apply.

Hon. Jim Watson: There are, I believe, 47 service managers around the province and London would have a service manager. We can certainly provide all members—I believe they're all on our website. The service manager, in essence, acts as our agent to coordinate those requests, so that we don't have seven or eight people taking in requests for funding but they're in fact done centrally through these service managers. The applications then are delivered and it's the service manager's role to make sure that the program is meeting the expectations. I would encourage you to go to the service manager in London.

As I mentioned, as of August 28 there have been 44 AHP extension projects that have been approved, for a total funding of \$87.59 million. The ministry has also recently completed round two funding approvals, and there will be a round three, obviously, because we want to make sure all of the money is used.

We're very close, if not already there, in terms of the current fiscal year, and we're going to have to start dealing with the next fiscal year, because we can't overextend our budget because the federal government is involved. We just don't have the money allocated to go above and beyond what was in the budget that the Legislative Assembly approved. But there's a new fiscal year that starts March 31, and approximately half the money will be available in the second year of the program.

The Chair (Mr. Garfield Dunlop): Mr. McNeely?

Mr. Phil McNeely: How much time do we have, Chair?

The Chair (Mr. Garfield Dunlop): You have four minutes.

Mr. Phil McNeely: Thank you, Chair, and thank you, Minister, for being in here today to answer our questions. Green energy and conservation are our principal means of reducing greenhouse gases in Ontario and in Canada. Canada's record of greenhouse gas reduction is abysmal, as we have increased greenhouse gas production over 1990 levels by 27%. When we actually signed the agreement at Kyoto, we were looking for a 6% reduction by now, so we're 33% off. The United States has their coal states and Canada has our oil sands.

Ontario has taken a good lead. We have reduced our greenhouse gases, and certainly taking coal out of production will take out 35 megatonnes per year by 2014. We're almost halfway there now with our reduction of coal generation. Quebec and BC are taking actions. We have the cap-and-trade legislation that's going through the Legislature now. It's certainly showing Ontario as leaders. We have our Green Energy Act and the regulations which have been rolling out in September for the feed-in tariffs etc.

When it comes to your ministry, the municipalities are taking the lead and reducing greenhouse gases through conservation and, in some cases, renewable energy. Your principal contribution to lower greenhouse gases is through a tougher building code, and I know that you've been doing considerable work there—tougher requirements for new homes and tougher requirements for renovations such as finishing basements etc.

My question to you is: How are you doing with strengthening the building code? What is your ministry doing to help accomplish the government's goals on green energy and conservation?

The Chair (Mr. Garfield Dunlop): And you have two minutes to respond to that, Minister.

Hon. Jim Watson: I'll ask the deputy to refer the specifics on the building code—they can get into some detail in terms of what we're doing. I consider Ontario a leader in making amendments to the building code that often other provinces and territories follow when it comes to energy efficiency and the like.

We have a golden opportunity to merge a number of government priorities together as a result of the housing portfolio. One is poverty reduction, which I spoke of. If we can reduce the wait-lists and increase the number of affordable housing units, that accomplishes one of our government's highest priorities, that being poverty reduction, specifically as it affects children.

The second initiative is the thrust that our government is pushing and I'm very proud of, and I spend a moment to commend you, Mr. McNeely, for the work you've done, both in your riding with particular high school students as well as the work you've done here in the Legislative Assembly. We have a golden opportunity to ensure that when we are investing in affordable housing projects, we make them much more energy-efficient than they have been in the past. I think all of us have visited those housing communities that are not in the greatest shape and were built with probably not the best-quality materials at the time and not only are showing their age

and their wear and tear but also are extremely drafty, have energy-inefficient appliances and doors and windows that let cold air in in the winter and hot air in in the summer. So as a part of the social housing renovation and retrofit program and the affordable housing extension program, our ministry set aside \$70.4 million of the total in provincial-federal funding to fund the renewable energy component. The rollout of this program is expected in the fall of this year.

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What this does is it gives a financial incentive to make these buildings greener and more energy-efficient. At the end of the day, it's a win-win situation: Not only is it good for the environment because you're reducing greenhouse gases, but it's also very good for the economy and, specifically, very good for the housing providers because their operating costs are coming down since their energy bill is going down.

I give credit to my colleague George Smitherman, who, when this program was being signed off, was very insistent on ensuring that a portion of the funds go toward energy conservation programs—

The Chair (Mr. Garfield Dunlop): That pretty well wraps up that minute or so.

Interjection.

The Chair (Mr. Garfield Dunlop): Okay, we can get back to that after, Mr. McNeely. The next rotation will be to the official opposition. Mr. Bailey.

Mr. Robert Bailey: Thank you, Mr. Chair. I'd like to welcome the minister here today.

Minister, you talked about the meetings you had around the province on affordable housing. I'm going to have a couple in my riding, one on October 13 and one on October 15. For my information before my meeting, can you tell me, if not today then when you can get back to me, how much money has been put into Sarnia-Lambton for affordable housing, in units or dollars?

Hon. Jim Watson: Yes, I can get you that in just a moment. I'm a little biased because I used to live in Sarnia, so I hope I have—

Mr. Robert Bailey: I know. You were a great reporter, they tell me.

Hon. Jim Watson: I'll just give you a quick synopsis.

Mr. Robert Bailey: Sure.

Hon. Jim Watson: I can give you a list of some of the specific projects. I think you'd probably identify with them. These are all in the county of Lambton, as you know, because Lambton has the responsibility for the delivery of housing in your community:

- a project of two units on Kathleen Avenue, with provincial funding of \$80,600, for domestic violence victims;

- Nasr Ltd. on Colborne Road, 17 units, for total provincial funding of \$727,000;

- Inn of the Good Shepherd on Confederation Street, five units, at the planning approval stage, provincial funding of \$230,000;

- the former MGM site at 1000 London Road, 57 units for seniors and persons with disabilities, at the

planning approval stage, an equal amount of \$2.9 million from the federal and the provincial governments.

That's a total of 81 units, for a total of roughly \$4 million in provincial funding and \$3.6 million in federal funding, for a total of \$7.6 million.

I might also quote someone you know well, Jim Burns, who said, "Not only will these new units alleviate the demand on our affordable housing waiting lists, but these projects will also generate employment and help stimulate our local economy."

If I could answer your colleague's question with respect to jobs created under the new funding: as of September 22, under the AHP, 4,332 jobs province-wide; and under the repairs component, 379, for a total of 4,771 jobs created under those two programs. Those are funds that are federal and provincial.

Mr. Robert Bailey: Okay. That's all I had.

Hon. Jim Watson: I might have some more. Under the rent bank program in Sarnia-Lambton, the 2009 allocation was \$45,597. Of the \$100 million of social housing repair money that was announced in 2008, Lambton county received \$595,000. I could go on, but that gives you a sense of the magnitude of the dollars in—it's called Lambton county, but most of those that I listed I believe were in Sarnia.

The Chair (Mr. Garfield Dunlop): Ms. Savoline?

Mrs. Joyce Savoline: I have a question regarding the calendar year for budgets for municipalities and for the province. They're not in sync because the province goes from April 1 to March 31; municipalities go from January 1 to December 31, and that sometimes creates issues when the province is developing new initiatives and making announcements about them at a time when municipalities are developing a budget that they need to have passed and implemented for a January 1 year, and kind of a mid-year. So you're doing different sets of announcements, and it puts municipalities at a disadvantage when those things happen.

Do you have a process in place in the ministry to help municipalities not be challenged with an announcement that encumbers them in a financial way, given that there's a different year-end and a different time for the budget process?

Hon. Jim Watson: There are a couple of answers to that. One, the MOU table really is to try to prevent those kinds of surprises so that the municipal sector can properly plan for a change in policy, direction or legislation. It has actually worked quite well. We often will bring things forward that are six, seven months ahead of them even seeing the light of day in terms of legislation. It's often a sounding board for the government to work with our partners.

There's an old Holiday Inn commercial that said, "We don't like surprises," and I think the municipal sector is the same. They don't want to be surprised. By and large, with I think a few exceptions where we've messed up, we have treated that MOU process relatively—we've treated it very respectfully, and I think it has helped to solve a lot

of the problems you've raised with respect to year-ends being different.

The second point is that, as you recall, we passed the Investing in Ontario Act; I guess it was about a year ago. The Investing in Ontario Act stipulated that any surplus above a certain threshold that would be paid to pay down the debt would go, through regulation, to a partner body. In the first year's case, it was actually the municipal sector. We're not going to have a surplus for a number of years, as you know, but it did send a very clear signal that the very first time we did pass legislation that directed dollars to a specific entity, that entity in fact was the municipal sector, to the tune of I believe it was close to a billion dollars—\$1.1 billion—and that was divided along a per capita basis around the province, so it was done in a fair fashion.

Mrs. Joyce Savoline: Did every municipality receive some money from that disbursement?

Hon. Jim Watson: Yes, they all received money. I can let you know that in Burlington's case they received \$7.3 million. Halton as a region, which you're very familiar with, received \$22 million.

Mrs. Joyce Savoline: Going back to the issues that were raised during the delegations at AMO: Municipalities obviously were very grateful for this program, especially since in the first year there was enough of a surplus to be able to spread some of that money around. However, what we heard loud and clear, without exception, from delegations is that while they're really receptive and happy about the money that comes out on an ad hoc, one-time, basis, what they're really looking for is some kind of stable, ongoing, predictable funding in a long-term way, whether it's a five-year period or whatever it is, but it's something that they can count on. I'm sure you're aware, having been the head of a council, that a lot of municipalities, progressive municipalities, budget in multi-years. So the one-offs are welcome. Why wouldn't they be? It's cash in the bank. But it's not a good way to plan your municipality. What they're saying is, "Can't there be something worked out, a formula worked out, which has more of a long-term basis?" They call it stable funding. Because otherwise it hinders them from planning in these multi-year processes, and when something comes up that says shovel-ready, less sophisticated municipalities really can't apply for those kinds of programs, to their disadvantage.

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They really appreciated that \$600 million or so that they got—\$700 million. But given that all the municipalities were provided the funds and they weren't expecting them, so they had to scurry up and create some kind of use for them within their municipalities, have those funds been fully used?

Hon. Jim Watson: I'll ask the deputy if he has an accounting on those funds. I recall seeing a note that well over 50% of the funds were used. But before I get to that specific issue, let me just talk a little bit about why we decided to go with the Provincial-Municipal Fiscal and Service Delivery Review. It was for exactly that reason:

It was very difficult to plan from a long-term perspective if you were waiting by the phone or the fax machine on March 31 to see if the government had any money.

There are two things I'd like to comment on. One, the whole purpose of the Investing in Ontario Act is that it gets us out of this, what some people call, March madness, where you're just rushing money out the door, which is not particularly wise financial planning, and it doesn't help the municipal sector because they then have to scramble to get the money spent. So it gave a little bit more predictability and stability based on, if we were doing well as a government and with our finances, we would share that surplus with our partners.

The second part of the answer to your question is really found in the provincial review. We do now have a 10-year plan for funding that municipalities can count on so that they can go through the chart—I showed you the large chart—that shows each year how much more is being uploaded. We've done it in a systematic fashion based on what we could afford, and so under Ontario Works—as you know, the municipalities are paying 20% of the fee—we'll remove that 20% over the course of the next several years and they will be saving \$425 million. I've given you the figures for ODB and ODSP, which is about \$900 million by 2011, and then the court security costs to a maximum of \$125 million by 2018.

What we were told time and time again was that they wanted predictability, stability and reliability. I think for you and me, as former heads of council, and Mr. Prue as well, that was one of the challenges we faced. Regardless of what political party was in office, it was often coming, cap in hand, hoping the province would give us some money.

This certainly does, in my opinion, address the issue that you've raised. With respect to the amount of money, the \$100 million or the \$1.1 billion on investing in Ontario, do we have a figure for that, Deputy?

Mr. Fareed Amin: Minister, this was an unconditional grant, and we can monitor some of it through the annual FIR process. But it is difficult for us to track exactly how much of it was actually used, because some municipalities may have used it to shore up their reserve funds, for example. So there is no indication as to how municipalities used it. They use it to meet their individual circumstances because it was unconditional, but we can perhaps track some of that through the annual FIR process.

Hon. Jim Watson: Also, I should mention that, for instance, in the case of Ottawa, when we were sitting down—I think Ottawa's share was \$77 million. When we sat down with the municipal leadership, we struck an agreement that a portion would be used for transit; a portion would be used for upgrading the sewer system, because we had a terrible situation with raw sewage going into the Ottawa River; and a portion would be used for affordable housing. It was actually spent along those lines. I believe, to the best of my knowledge, that the bulk of that money, aside from the sewer money, has gone out to the housing partners and to transit.

Mrs. Joyce Savoline: Okay. I just think it would behoove any government, when initiating a program that's worth this kind of money, to understand what happens when the money goes out the door, so that if there need to be modifications made or perhaps some kind of a condition apply in the future, that it's done before we find ourselves in some kind of crisis and say, "That really isn't what we thought you would do with it." We can't think about what they would do with it, and municipalities should have the autonomy to deal with this kind of money, but I think it would be good information to understand exactly how the money is being used, for future reference.

Hon. Jim Watson: Yes. As you may be aware, there are certain restrictions that a government can place on year-end money. We can't put conditions or strings attached to it. So when the money does go out the door, we can reach a gentleman's agreement with the municipality, as we did in Ottawa and some other jurisdictions. But the auditor, as I understand it, does not allow us to book that money for a specific purpose. It's considered what we used to call the old unconditional grants where the money goes to the municipality.

We have faith that the municipal sector will spend the money wisely and prioritize it based on their needs and that we won't micromanage that process. We did run into a situation, I know, in Ottawa, where roads and bridges money that was intended for roads and bridges found its way into the operating budget for snow removal, and we were not pleased with that. The Investing in Ontario Act is one response to that: That money is one-time money and has to be used for capital and not flow into the operating. In essence, we learned our lesson, I suppose, as a result of the behaviour in one municipality, so that it doesn't happen again in other municipalities.

Mrs. Joyce Savoline: Yes, and one-time money: That's really the most prudent and only way it should be used—

Hon. Jim Watson: Absolutely.

Mrs. Joyce Savoline: —but that's the kind of thing I'm talking about. It's just good information coming back. That's all. I'm not talking about an audit—nothing onerous. It's just information.

Hon. Jim Watson: As the deputy mentioned, the annual reports that every municipality is required to submit will see some of that information, because we'll see—obviously, if the reserves go up in one municipality and it's a corresponding number with the amount of money the province sent, that's a pretty solid indication that that money went into the reserves. But those statements are really our indication of the patient's health, and you know those documents very well.

The Chair (Mr. Garfield Dunlop): Ms. Savoline, you have two minutes left.

Mrs. Joyce Savoline: All right. Just a clarification: Are you saying that you can provide a list of the municipalities that fully spent their money and a list that didn't, or there's no such list?

Hon. Jim Watson: I think the challenge is, it would be difficult because it was considered unconditional. We could probably put together what we know, either through the financial reports or what we receive back from the municipalities in terms of press releases and so on, but it's very difficult, when it's unconditional money, to track that, unless we send a letter to all 444 municipalities.

Mrs. Joyce Savoline: Okay. Thank you. I'll stop there, then.

The Chair (Mr. Garfield Dunlop): With that, we'll move to the third party. You have 20 minutes. I'm not sure; we may have a vote coming up. Is that going to be—

Mr. Wayne Arthurs: I think so.

The Chair (Mr. Garfield Dunlop): We'll see what happens here. So we'll start with you, Mr. Prue.

Mr. Michael Prue: Thank you. Let me know.

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Hon. Jim Watson: On a point of order: To Mr. Bailey's question, I gave an address that was a home for victims of violence, and I shouldn't have done that. I'm wondering if we have the ability to strike that from the record, as I don't think it would be appropriate to alert people to that address.

The Chair (Mr. Garfield Dunlop): The clerk will look into that and we'll get back to you on that.

Mr. Prue.

Mr. Michael Prue: Yes, I want to go back to Big Bay Point, because this fascinates me. My understanding of the history of Big Bay Point was that the Ministry of Municipal Affairs and Housing was initially opposed to the 2,000-unit time-share and the 1,000-slip megamarina, but changed its opposition to the project at the Ontario Municipal Board without informing the public and then entered into what some described as secret negotiations with the Geranium Corp. Is this an accurate historical record?

Hon. Jim Watson: I'll refer to Mr. Clay, who is better informed on the issue than I am.

Mr. Larry Clay: The application for Big Bay Point was originally filed as a municipal planning application. It was appealed to the Ontario Municipal Board. Once it gets appealed, there are a couple of courses of action. It could proceed to a full hearing or it can, on the agreement of all parties, proceed to settlement discussions to see if there is a middle ground or an approach that is satisfactory to all the parties. In this case, I believe it was the county that asked that the Ontario Provincial Development Facilitator participate in the discussions and bring the parties together to see whether there was an approach that could satisfy all parties, including the province and the local municipalities.

Mr. Michael Prue: Was the Ministry of Municipal Affairs and Housing's initial planning report in opposition?

Mr. Larry Clay: What we do in situations where applications are referred to the board is identify the concerns that we have. In this instance, we initially had

some concerns because the original application had not, in our view, considered all the impacts on the environment, and some of the elements of the application, as originally designed, offended provincial policy.

Mr. Michael Prue: Did the ministry maintain its opposition? Did you change your mind? Did you support it? Did you simply facilitate a discussion? What went on next?

Mr. Larry Clay: What happens in these kinds of discussions typically is that they're a negotiation in many respects, where each party has an opportunity to identify what their issues are. A discussion ensues to see if those issues or those concerns, on the part of all parties, can be satisfied, typically by a change in the application, a change in the proposal or something added to the proposal which in fact addresses those concerns. In the Big Bay Point case, there were environmental issues. Through discussions, all parties came to an agreement that the approach that would go forward met all the existing and contemplated provincial policies around environmental protection and, at that point, the anticipated Lake Simcoe Protection Act.

Mr. Michael Prue: When you say "all parties," this obviously was not those parties which appealed the decision. This would have been the county, the developer and the Ministry of Municipal Affairs. Is that who the discussion was held with?

Mr. Larry Clay: The discussions, actually, in the end, included all parties. I don't have it in front of me, Mr. Prue, but there were two or three local ratepayers' associations who were party to the hearing, who participated in those discussions.

Mr. Michael Prue: And they were supportive?

Mr. Larry Clay: Not everyone was, at the end of the day, supportive, but many parties supported the settlement discussions. Those parties who did not support the settlement discussions represented those interests when the case was ultimately brought forward in front of the Ontario Municipal Board.

Mr. Michael Prue: And those same parties were the ones that were given the SLAPP suit.

Mr. Larry Clay: Again, I can't confirm whether there was any SLAPP suit. I have read media accounts to that effect, but we're not aware of any lawsuits that were filed in the context of what people typically refer to as SLAPP suits.

Mr. Michael Prue: Part of this thing which fascinates me as well is that the Lake Simcoe protection plan was released on June 2, 2009, and it specifically exempts the Big Bay Point mega-marina from the very strict rules prohibiting shoreline alteration. Why is that?

Mr. Larry Clay: Again, every piece of legislation has what we call "transition provisions." When you have an application or a proposal that is initiated prior to a policy being brought in—in this case, the Lake Simcoe Protection Act—the original application for Big Bay Point dates back to I'm going to say 2005, but I can verify that for you, well in advance of the Lake Simcoe Protection Act.

Often, legislation contemplates that and allows for what's called "transition." In this case the minutes of settlement, however, contemplate that the Big Bay Point development will in fact comply with the requirements of the Lake Simcoe Protection Act and all the environmental assessment acts.

Mr. Michael Prue: Under the Lake Simcoe Protection Act, it's my understanding that if you own a cottage on Lake Simcoe, you can't even move the rocks to firm up a dock under this act. You can't move the rocks off the shoreline even if you're trying to make your dock a little stronger, yet Big Bay Point is allowed to dig a 30-acre hole in the shoreline to permit development. How is it that they are complying with this act?

Mr. Larry Clay: Again, all the different environmental assessments, all the requirements that are in place—for example, to alter shoreline and restrictions around altering shoreline and the federal Fisheries Act—all those pieces of legislation, as part of the minutes of settlement and the board-approved settlement, are required to comply with legislation.

Mr. Michael Prue: Surely this legislation was contemplated and was well on the road when this case was facilitated and acted upon. Surely ministry officials would have known what was going to be contained in the Lake Simcoe shoreline act at that point.

Mr. Larry Clay: There were some—when the legislation is initially introduced, there are elements of the legislation that we're aware of. In some cases, legislation also has regulations associated with it which come later.

I think what the ministries that were involved in those negotiations attempted to do was to try and have a settlement that contemplated what might ultimately be in the act and built those into the settlement discussions and ultimate agreement.

Mr. Michael Prue: Does the government of Ontario permit or prohibit channel widening or shoreline alteration for marinas in Simcoe county?

Mr. Larry Clay: You're referring to some of the requirements of the Lake Simcoe Protection Act, and that's not something that is a responsibility of our ministry. It is the Ministry of the Environment's legislation.

Mr. Michael Prue: I understand that, but the negotiations took place through this ministry. This law, although it was not extant at the time, was well on its way through various ministries.

Does the government of Ontario permit or prohibit channel widening or shoreline alterations for marinas in Simcoe county? If you were to go out and facilitate today, does it allow for that?

Mr. Larry Clay: I think that's something, Mr. Prue, that I'll have to get back to you on. I'll have to check with the Ministry of the Environment just to confirm what exactly their regulations require under their legislation.

Mr. Michael Prue: That begs the question, why did Big Bay Point, and I guess Mr. Rumm, receive an extraordinary exemption in the negotiations?

Mr. Larry Clay: Again, I can tell you that as part of the discussions and as part of the settlement, the requirements for Big Bay Point meet all provincial legislation. They are required to conform with the Environmental Assessment Act, elements of the Lake Simcoe Protection Act, federal legislation governing shorelines and waterfront, and the Planning Act.

Mr. Michael Prue: I want to get on to the same thing and the SLAPP suits. My understanding is that the Ministry of Municipal Affairs and Housing attended the Ontario Municipal Board when the effort was made by the developer, in this case Geranium, to slap millions of dollars of lawsuits on their opponents. Question number one: Did the Ministry of Municipal Affairs attend these cost hearings? Yes or no.

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Mr. Larry Clay: No, I don't believe we were a party to the cost ones. Sorry, I was just checking with my legal counsel.

Mr. Michael Prue: I'm not saying you were a party; I just want to know whether you were present.

Mr. Larry Clay: Were we there? We were there as an observer? I'm just checking.

Interjection.

Mr. Larry Clay: Joanne Davies, legal counsel.

The Chair (Mr. Garfield Dunlop): Yes, just give your name, please.

Ms. Joanne Davies: Joanne Davies. Mr. Prue, we were not a party to the cost proceedings, but because we were a party to the main proceeding, we did actually have a staff member present and monitoring the proceedings.

Mr. Michael Prue: Were you allowed to speak at all by the Ontario Municipal Board?

Ms. Joanne Davies: No, because we chose to not be a party to the motion. We were not seeking costs, and costs were not being sought against us.

Mr. Michael Prue: Was there anything in the minutes of settlement that prevented the Ministry of Municipal Affairs and Housing from protecting the public's right to appear at the Ontario Municipal Board without threat of costs?

Ms. Joanne Davies: The Ontario Municipal Board Act provides for rules, as most adjudicative tribunals do. The rules of most tribunals have a provision that in extraordinary circumstances costs can be sought where behaviour is considered unreasonable. In the particular case of Big Bay Point, the OMB did not award costs in that matter.

The concept of a SLAPP is that someone is threatened with a lawsuit to stop them from exercising their rights to participate in an administrative process. In this case, I'd suggest it wasn't a SLAPP as it's classically considered. It was part of the OMB proceeding itself.

At the conclusion, a number of parties sought costs from each other, suggesting to the OMB that the other party had acted unreasonably. But no one had suggested that the province had acted unreasonably, and we suggested that no one acted unreasonably, thus it isn't really a SLAPP. It's part of the administrative system.

The board found basically that every party had interests and advocated for their interests responsibly and the board made a ruling, and that was the end of the matter, as far as I'm aware.

Mr. Michael Prue: Back to the minister, because we need to know ministerial feeling on this. This is a chilling exercise, when ordinary citizens want to oppose and exercise their democratic rights and go to a body such as the Ontario Municipal Board. The rules and procedures that the government has passed, and the OMB reforms, allow for such SLAPP actions to take place. Is it the ministry's intention to leave those in place or do you contemplate changing them?

Hon. Jim Watson: Well, a couple of points. First of all, the OMB has traditionally been authorized to award costs. It rarely does so. As our legal counsel indicated, that was not the case in the Big Bay Point issue. Costs were not awarded.

They have that authority to award costs when someone's conduct is unreasonable or frivolous or clearly in bad faith.

We don't have anti-SLAPP legislation in Ontario, nor does any province in Canada. BC did, but I believe it was revoked a couple of years ago. Quebec contemplated it but it has not passed, as far as I'm aware.

Mr. Michael Prue: Am I to take it from that statement that there are no plans by the ministry to bring forward anti-SLAPP legislation to protect the public?

Hon. Jim Watson: That's correct.

Mr. Michael Prue: My understanding as well is that the town of Innisfil had its legal costs paid by Geranium Corp. Is that the understanding of the ministry?

Hon. Jim Watson: I'm not aware—I don't know if we would know who would pay Innisfil's legal costs.

Mr. Michael Prue: Did the ministry have any of its costs paid for by Geranium Corp.?

Hon. Jim Watson: No. We wouldn't have a private company pay our legal bills.

Mr. Michael Prue: Okay. That's really all I have on that. How much time is left?

The Chair (Mr. Garfield Dunlop): Five.

Mr. Michael Prue: Five minutes. I'd like to talk a little bit now about smart metering. In August 2009, the Ontario Energy Board issued an interim order decision to authorize submetering in the rental sector pending the provincial government's taking action to comprehensively address issues such as tenant-consumer protection. The tenants took this case to the OEB and they were successful.

Is the ministry contemplating in any way the removal of tenant consent in section 137 of the Residential Tenancies Act?

Hon. Jim Watson: We're currently working with the Ministry of Energy and Infrastructure and tenants and landlords, and I've had a number of meetings with both tenant and landlord groups to ensure that there are rules in place for smart metering in multi-residential buildings that are both fair to the tenants and the landlords. Any final decision on what the rulings are going to be has not been made at this point. Obviously, we want to ensure the

protection of the tenants and their rights, but also from an overall government perspective, we believe smart metering is good public policy for a wide variety of reasons, including saving not only energy but saving money for the individual tenants. We're in the process of working with the Ministry of Energy and Infrastructure, and no final decisions have been made.

Mr. Michael Prue: The Ontario Energy Board came down, I think, quite forcefully, in my reading of their decision, that the tenants did not, even if they signed some forms, have the wherewithal to imply consent; that they were simply told to sign documentation, the smart metering was going in, their rent was going to be reduced, and they would thereafter be responsible for the payment of their electricity costs.

Are you contemplating, as the minister, removing that protection which the OEB said was not there in the first place? Are you going to change the legislation to allow tenants to be treated as they had been in the past?

Hon. Jim Watson: I think if you look back on our track record, when we made amendments to the Residential Tenancies Act, we tried to bring the balance back between the rights and responsibilities of both landlords and tenants. I think when you review, historically, where we've stood with respect to tenants, we've stood up for their rights.

We have not landed on any government-wide decision with respect to smart meters at this stage, but obviously the rights of tenants are always paramount in our minds because we understand that they, in many instances, can be vulnerable to decisions that are not in their favour.

We're working with the Ministry of Energy and Infrastructure. This is a two-ministry responsibility—Minister Smitherman, with respect to the policy of smart meters, and me, with responsibility for the Residential Tenancies Act.

Mr. Michael Prue: At this stage, because of the interim decision, it would appear to me that the tenants have an unfettered right to refuse smart metering, where even if they sign the document, they cannot be held to it. You're looking at ways, from my understanding of what you said, of taking away that unfettered right.

Hon. Jim Watson: No, I didn't say that at all. I think if you listened to my answer, you'd understand that we haven't made a decision one way or the other, and that as

the minister responsible for the carriage of the Residential Tenancies Act, obviously I bring that perspective from the tenants to the table in the discussions with the Ministry of Energy and Infrastructure.

So a decision has not been reached. The OEB made their decision. As a result, that has cascaded into action or non-action on the part of landlords not being able to implement without tenant consent, and we hope to be able to make a decision jointly between the two ministries within the next several months.

Mr. Michael Prue: The OEB wanted to revisit the call for an energy rate affordability program for low-income consumers. Is this something that you will be involved in, and if so, with what other ministries?

Hon. Jim Watson: The lead ministry would be the Ministry of Energy and Infrastructure, but I suspect our ministry and the Ministry of Consumer Services would also be consulted.

Mr. Michael Prue: Okay. Thank you.

The Chair (Mr. Garfield Dunlop): Okay, that's it for today.

Minister, on your comments about getting something stricken from the record, we have to have the consent of the committee to delay the publication of Hansard and broadcasting until we have a further review by the clerks' table.

Mr. Fareed Amin: Mr. Chair, if I could raise one issue. In response to a question raised by Ms. Savoline, we did indicate that on Investing in Ontario, that program is administered by the Ministry of Finance, and the ministry does have a requirement that municipalities report on how that money is spent. So it's a program from the Ministry of Finance and they do have a requirement that the municipalities report on how that money was spent.

The Chair (Mr. Garfield Dunlop): Okay. Thank you.

We have to deal with this, though. Can we have agreement from the committee to do that, then? Okay. Thank you. We'll do that, and we'll get that to the table.

With that, we're going for the vote now; I don't think we'll start five minutes after, so we'll adjourn until tomorrow at 3:30 p.m., after routine proceedings. Thank you. The meeting is adjourned.

The committee adjourned at 1750.

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Mercredi 30 septembre 2009

Standing Committee on Estimates

Ministry of Municipal Affairs
and Housing

Comité permanent des budgets des dépenses

Ministère des Affaires municipales
et du Logement

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STANDING COMMITTEE ON
ESTIMATES

Wednesday 30 September 2009

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mercredi 30 septembre 2009

The committee met at 1627 in room 151, following a closed session.

MINISTRY OF MUNICIPAL AFFAIRS
AND HOUSING

The Chair (Mr. Garfield Dunlop): Okay, we'll reconvene the meeting. Thank you very much for your patience, everyone. We'll spend one hour with the three parties and have a round, and we are going to go back in camera at 5:30. So with that, we'll start with the government members and Mr. Delaney or—

Mr. Lou Rinaldi: Mr. Chair, just before the first question, if I may: as you know, I'm taking the minister's position today and I was appointed as parliamentary assistant just over a week ago. The minister had a previous commitment he just could not get out of, so I ask your indulgence to be kind. I know that I have really good ministry staff; they spent a couple of hours on Friday telling me everything I need to know. But I know I'm going to rely on them fairly heavily.

The Chair (Mr. Garfield Dunlop): Thank you. Deputy?

Mr. Fareed Amin: If I can raise one issue, Mr. Prue asked a question yesterday of the minister as to whether or not the minister was in receipt of any correspondence from Toromont. We did a search and we found that there was no correspondence between Toromont and the minister.

Mr. Michael Prue: No?

Mr. Fareed Amin: No, the minister did not receive any correspondence from Toromont.

The Chair (Mr. Garfield Dunlop): Okay. We'll now proceed to Mr. Delaney and the government members for 20 minutes.

Mr. Bob Delaney: Thank you very much, Chair. All right, Rinaldi, now I'm going to get you.

Mr. Lou Rinaldi: Good.

Mr. Bob Delaney: Parliamentary assistant, we've had some announcements of budget money for affordable housing, and I know in our case—again, I'm going to speak personally about western Mississauga, where I hail from—we had had some housing that had been built back at the time when interest rates were peaking. This would be the early 1980s. They peaked around 21%, and for years thereafter interest rates were very high. So regardless of the actions of governments of the day, of all

stripes, in order to cope with interest rates that were way higher than they were when builders originally made the quotes, a lot of the housing that was built circa that era was built with as many shortcuts as the builders could take.

Housing of that era is now coming up on 25 years old. I know last year, when the minister was out in western Mississauga, we had a few million dollars for Peel region to upgrade a number of projects. We walked through a lot of the housing in this one particular place, Fletcher's Creek Co-op, which is a very well-managed complex. But what we were looking at was the result of 25 years of wear and tear on housing that had been built with as many shortcuts as the builders could get away with in that era. It was kind of surprising to look at it, in what was then the middle of the summer, and realize how easily air went through the windows, what rough shape the roofs were in, what kind of condition the insulation was in and so on and so forth. Out in Peel, where they really managed the housing stock extremely well—whatever structural problems may have existed in other areas, Peel region, for a whole host of reasons, had done a very good job in looking after its social housing stock.

So at that time it was pretty easy, because it was the government of Ontario unilaterally providing a grant to Peel region and to Peel housing to upgrade housing. But today, what we find across the province is that we need governments at all levels to work together to deliver funds in combination to projects and to communities that need it.

Times are different. You know, at the moment, even though governments are running budget deficits, there's this very strong understanding that things that we needed to do anyway, which is upkeep on affordable housing, also represent stimulus to an economy that very desperately needs exactly that type of stimulus.

What I'd like you to discuss for a few minutes would be how the Ministry of Municipal Affairs and Housing has worked with other levels of government to deliver those funds to those who need it most.

Mr. Lou Rinaldi: Thank you. I'm going to try to quickly bring your attention—and then maybe I'll pass it on to the deputy for some detail. As you know, the \$1.2-billion commitment that we made together with the federal government is starting to pay some dividends, I guess. It's been a 50-50 share. Certainly, even in my riding there's some new housing that has been announced

and some that's going to be announced, from my understanding, from the agreements we made with the federal government. So we've made, I think, some huge progress. We do have the challenge of a short time frame, but I know that the ministry is working together with its partners to make sure that does happen.

At this time, maybe I'll ask the deputy for some detail.

Mr. Fareed Amin: Thank you, Mr. Delaney. We've actually worked collaboratively with the federal government and with the municipalities and service providers to develop the parameters for the program. As the PA mentioned, we have \$1.2 billion, half of which is federal and half of which is provincial. We have a commitment to spend that money over this fiscal and next fiscal, which required us to, in short order, consult with our municipal partners, because as you know, we deliver housing programs through the service managers and municipalities.

We've had discussions with CMHC, for example, on the policy parameters of the program. We have had extensive discussions with our service managers and municipalities, and part of that discussion was to ensure that municipalities are ready and understand the importance of getting these projects up and running fairly soon. Municipalities are in charge of the requisite planning approvals, and we wanted to make sure that those approvals were in place.

We've also done a fair bit of work, I think, trying to profile these programs with our stakeholders. For example, we did work with the Ontario Municipal Social Services Association. We've also done consultation with a number of social housing stakeholders, as well as people who are involved in homelessness.

We've worked federally, provincially and municipally and with the service managers to ensure that we get a program that could be rolled out fairly quickly and that addresses the elements that the different levels of government are interested in.

Mr. Bob Delaney: All right. Does anybody else have a question? Chair, how are we doing on time?

The Chair (Mr. Garfield Dunlop): Fourteen minutes.

Mr. Bob Delaney: Okay. I'd like to talk a little bit about the different types of affordable housing programs. Perhaps you could compare and contrast the old and the new ones, particularly whether they're kept separate, or discuss whether there are any merits in an effort to integrate them. I think it's a question that bears some explanation and that I think often confuses people. I think you could shed some very useful light on it.

Mr. Fareed Amin: Thank you. We have a number of transfer payment programs under the housing initiative. We have the affordable housing program, which is federal and provincial, and we've got the social housing reform program as well. We've got a program to assist low-income seniors as well as persons with disabilities. There is funding allocated to these different programs.

Perhaps what I'll do is to ask one of the housing directors to give us examples of the specific allocations under these different programs.

The Chair (Mr. Garfield Dunlop): What's your name, please?

Mr. Randy Hodge: Randy Hodge.

The Chair (Mr. Garfield Dunlop): Thank you.

Mr. Randy Hodge: As the deputy was saying, we've actually had the affordable housing program, which has been operating for the past four years and is a joint federal, provincial and municipal program.

We now have the new affordable housing program, which is the \$1.2 billion, and the social housing repair program combined. The affordable housing component of that is \$540 million over two years. The component to repair existing social housing is \$704 million over two years.

The Chair (Mr. Garfield Dunlop): Mr. Ramal.

Mr. Khalil Ramal: We heard a lot about affordable homes and the investment the government is making in order to deal with affordable home issues across Ontario, and the waiting list. As has been mentioned over and over, this is a partnership between municipal, provincial and federal.

As you know, as a parliamentary assistant—you have been the mayor of one of our cities in Ontario. For some reason, some municipalities cannot afford to meet the criteria, so they cannot participate and pay their share. I'm wondering if the ministry has some kind of strategy to avoid those problems and help all the municipalities which cannot meet the financial requirement. They'll still be able to participate in affordable homes, because as you know, those are affordable homes, not just catering to rich municipalities or a municipality that has a special way to deal with financial issues but for all the people across Ontario, all the communities, all the municipalities.

How can we deal with this issue? This was brought to our attention many different times during the consultation meetings which I attended with the minister in London.

Mr. Lou Rinaldi: Thank you very much, Mr. Ramal. That is certainly an issue. I too attended some of those consultation meetings, and that was one of the things that came up on a regular basis, plus other issues.

I maybe will ask staff to once again give us an update on how we're doing with those specific issues where municipalities already have some challenges to keep the stock that they have in good repair plus to move forward.

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Mr. Fareed Amin: Unlike most infrastructure programs, this is not a one-third, one-third, one-third funding arrangement. This is a federal-provincial program, and we have no requirement that municipalities match the federal or provincial investment. So this is money that the federal government and Ontario are making available to our service providers. We don't require matching dollars from them. So that's the first point I would make in response to your question, Mr. Ramal.

The other issue is that we're also trying to work with municipalities on the cost per unit. Previously, we had a cost per unit that was fairly restrictive. What we've done is work with our federal colleagues to ensure that the per

unit cost that the province can fund is more flexible to allow for different costs across Ontario municipalities. As you know, it costs more to build a unit in London than it would in parts of rural or northern Ontario, so we have that flexibility in the program to ensure that we can deliver the program in a fair manner across the province. This funding does not require a municipal contribution.

Mr. Khalil Ramal: Okay. Another question came to our attention while we were in a meeting, that it's so good that the governments, federal and provincial, are coming together to support those affordable homes and build them across the province, or fix them. But they had a great concern about the operating costs of those units, so whether the provincial and federal will get together in this area, and are they going to help the municipalities to also continue the support in order to operate those units?

Mr. Fareed Amin: Yes, we did hear the concerns expressed by municipalities about the operating costs for these new units. What we're doing, as you know, is we are in the process of conducting consultations with our municipal partners on a long-term affordable housing strategy. We're going to look at some of the comments we heard back on operating costs as part of that agreement. The minister also mentioned yesterday that he is quite eager to work with his federal colleague on a national housing strategy, and we're hoping that as a part of that strategy we can also discuss the operating costs associated with these new units. So we're working with our federal colleagues and also, as part of our consultation strategy, with our municipal partners to come up with an approach that works for us and the feds as well as our municipal partners.

The Chair (Mr. Garfield Dunlop): Mr. Levac?

Mr. Dave Levac: I believe we have about seven or eight minutes left? Thank you.

I want to dig a little deeper on the uptake. It's my understanding that the minister has even gone so far as to communicate with municipalities that they have not participated in the next round or the uptake, that that sparked some of the response that Mr. Ramal was talking about and then sparked the next reaction, which was to have the minister say, "Let's sit down and talk. We'll negotiate this; we'll talk about this; we'll work with the federal partners." So there is an ongoing dialogue to alleviate some of the concerns that municipalities are expressing, not on the federal-provincial capital side but on the disposition of the units afterwards and the cost per unit, that this would be a discussion that would be ongoing with the municipality. So it would not negate the capacity for the municipality, once the negotiations and the discussions go on about a process—would not stop the municipality from ultimately getting the units they so desperately need. So that's a clarity question.

Tied to that would be, how does that fit into the targets that have been established in order for us to fulfill the requirements and to help us reduce those wait times for the units and the production of the units, along with the municipalities and both the federal and the provincial governments. So if you can address that, I think it would

bode well for anybody that has, in any of the municipalities in anyone's riding, addressed the letters that were sent out to say, "We want to put you on notice that we noticed you have not applied for a unit." So if you can deal with that.

Mr. Fareed Amin: We have actually done a lot of work in aggressively pursuing a strategy with our municipal partners. In fact, in many instances what we've done is provided them with a notion allocation to say that you can get X amount if you can demonstrate to us that you have the capacity to deliver that within a certain time period. So we've done a fair bit of work in that regard to make sure that municipalities are on track to receive the federal and provincial stimulus money. You are right, Mr. Levac, that the minister will continue to have conversations with his federal colleague to ensure that we can find ways of addressing or mitigating some of the operating concerns that they have right now. Also, as I mentioned earlier, as part of our long-term affordable housing consultation, we're looking at ways of ensuring that there are innovative finance tools that we can look at to try to ensure that some of these concerns are addressed. In fact, I'm very pleased to report that on the affordable housing program itself, we have allocated close to \$173 million, which represents close to 2,000 units that have been approved for rental homeownership and northern components.

We understand and realize that we've got to spend this money in two years, and we're aggressively working with them to ensure that any concerns that they might have on the operating side don't detract from them actually taking us up on our offer to spend the money on building the new affordable housing now. I think that's a commitment the minister has made to municipalities, and that's a commitment that he is keen on ensuring that we proceed with.

Mr. Dave Levac: As a follow-up to that particular piece—and I don't want to go over. Am I okay, Chair?

The Chair (Mr. Garfield Dunlop): Yes, you've got four minutes.

Mr. Dave Levac: Okay. That piece kind of entices me to ask this question—and it's not a challenge; it's more, is it doable? When you talk about the next round of funding, we're talking about the taps eventually being turned off. So there is an urgency to make sure that those discussions take place, so that during the time in which a municipality may say, "Right at this time, because of the way things are, we might not be applying for it"—will there be some, shall I call it, wiggle room for the municipalities to come back in, if immediately they say it's because of their present circumstances, because of the discussions that are going on between the municipalities, the province and the federal government; that if something does get worked out to help mitigate that concern, the municipalities will not be told, "Sorry about your luck. You didn't apply when we told you you had to"? I'm looking for some wiggle room, if there is such a thing, inside of what you're talking about.

Mr. Fareed Amin: On the two-year stimulus money, there is little wiggle room. We've got to make sure that we spend the money year over year according to the federal guidelines. But I think it is fair to say that the minister is aggressively pursuing further conversation with our federal colleague on an extension of the AHP program. The AHP program has been extended for a couple of years. We're looking at further extensions of that program, and I think it is fair to say we're getting some receptivity at the federal level. So that might also be an opportunity for municipalities to get into the program with the extension, if that's what the federal government decides to do on the AHP.

Mr. Dave Levac: And that drills down to the capacity of the municipality to address the unit problem that they have in terms of the wait list and the amount of units that they can provide for their municipalities. Regardless of whether or not they meet that deadline of the two years, there's still an ongoing conversation to provide them with an opportunity to get more affordable housing in their communities.

Mr. Fareed Amin: We're very hopeful that we will successfully negotiate an extension of the AHP program.

Mr. Dave Levac: Thank you very much.

The Chair (Mr. Garfield Dunlop): Okay, you've got about a minute and a half left for the government caucus.

Mr. Khalil Ramal: I want to thank the parliamentary assistant and the deputy minister for answering all these questions. My question is about the private sector, or community organizations. I'm wondering if community organizations can participate in this endeavour, and can they then participate and get funding provincially and federally?

Mr. Fareed Amin: The decision as to who participates in the program resides with the service managers and the municipalities. They have the authority to decide who can apply and who's eligible. Because the programs are delivered at the local level by the service managers, they would have the decision as to whether or not community organizations can participate in them. There's nothing that we've put in place to prevent that from happening, but I think the final decision would reside with the service managers.

Mr. Khalil Ramal: I heard it needs approval from municipalities first before it's submitted to—is that correct?

Mr. Fareed Amin: That's my understanding as well, that the service managers would require the approval of the municipality. But—

The Chair (Mr. Garfield Dunlop): I think that's good. Thank you very much to the government members. Now to the official opposition. Ms. Savoline?

Mrs. Joyce Savoline: Yesterday, when I opened, I talked about the 2008 AMO conference and the fact that when the Premier spoke to the delegations, he said that there would be some difficulty in moving as quickly as originally hoped with the uploading. So I just want to go through those time frames again. Because there was some indication that there would be a more delayed time frame

than originally planned, could the parliamentary assistant please confirm that it is still the government's intent to have Ontario Works uploaded by 2018?

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Mr. Lou Rinaldi: Thank you, Ms. Savoline. I think what the Premier did say is that because of the circumstances we find ourselves in—and I was at the convention as well—there may be some challenges in trying to meet those. But he also qualified that we will try to maintain the schedule to the best of our ability, and if something can be uploaded earlier, because it is a fairly long process, then we would do that.

I think, if you remember correctly, during the consultation process with AMO and the city of Toronto on the uploading—coming to that document—some of those services were uploaded even before the final document because the municipality, at that time, stressed that those were some of the things it really needed help with. So I think the Premier's very, very clear: Yes, there might be some delays, but to my understanding, and maybe the deputy can clarify, the schedule's still on, and we will try to do the best we can.

As you know, a year and a half ago or a year ago, I don't think anybody would have guessed what the world would look like today or what we just went through although, we think that we're in a rebound, and it all depends on that rebound and the flexibility. With all fairness, I think folks from the municipal sector that I've had the opportunity to speak with on the issue all understood that and I think they were very appreciative.

Mrs. Joyce Savoline: Just for my sake, then, when is the target for court services? Can you confirm what that date is going to be for uploading?

Mr. Lou Rinaldi: The target for that is 2012. And that was to a maximum of \$125 million.

Mrs. Joyce Savoline: And just one more question about the Ontario municipal partnership fund, the OMPF: Your government has indicated that the level of OMPF funding is going to decline and it'll be around \$500 million by 2016. That's supposed to reflect the lower social service costs because of the uploading of programs like ODB and ODSP and Ontario Works. In 2008, the records show that there was \$870 million that went out the door. So the change to OMPF is of particular concern to the rural municipalities, and you would know that because you represent a fairly rural municipality. What percentage of municipalities would be worse off as a result of this new funding arrangement?

Mr. Lou Rinaldi: I just want to clarify the previous question, Ms. Savoline. For court security, it would start in 2012; it wouldn't be completed until some time after.

Your OMPF question: That's really a Ministry of Finance responsibility, although we at municipal affairs take some responsibility for municipal issues. What we've been saying all along, I think, is that the OMPF funding was sort of a rebalance from the old CRF funding, where municipalities, frankly—and I know you were there and I was there—were having a hard time understanding how one would come up with those

numbers. So we redefined the OMPF funding to have a formula that municipalities could understand. They might not be happy or they might be happy, but at least they knew how they got there.

Also, during the negotiations with the uploading piece, AMO and the city of Toronto—well, the city of Toronto really didn't get OMPF funding, so it was really AMO. As we shifted responsibility—and some of that OMPF funding was to address some of the social services shortfalls—those numbers will be readjusted. That's the process that I believe you're going to see in the next fiscal, and I believe that's the indication of the Minister of Finance.

I'm not so sure I'm prepared, unless the deputy is, to speak about specific numbers, but obviously it's not about more money; it's about being fair and equitable for some of the services that municipalities really should never have had to pay for in the first place.

If you have anything to add—

Mrs. Joyce Savoline: Will—I'm sorry. Deputy?

Mr. Fareed Amin: No, I don't have anything further to add.

Mrs. Joyce Savoline: I guess my concern is that municipalities—whenever there's talk about “Oh, it's another ministry's responsibility,” these silos start to grow, and the place where all these municipalities come together is in your ministry. So I would like you to confirm that should there be discrepancies and municipalities find that they are receiving less money in this exchange that's going to be taking place, they can come to the Ministry of Municipal Affairs and have you go to bat for them so that they're not financially challenged because we tried to set the record straight.

Mr. Lou Rinaldi: Well, I think the minister made it very clear yesterday that our responsibility within this ministry is to respect municipalities and bring their issues forward.

I can tell you, outside of the ministry I do help with—I have eight municipalities that I represent and one upper tier. Certainly, in a conversation with them—and I think the minister made it very clear that we respect municipal concerns. I think we built that relationship in the last few years and I think that there's mutual respect from both sides.

So to say that—I guess when I made the comment about that being the responsibility of finance, I meant that in the sense of the specifics on how that formula is.

I know that the minister, coming from a municipal background, like some of us here, gets those things. One of the comments I make when I meet with my municipal representatives is, “Cut the preamble. I was there and I understand that. Now let's see what we need to do to move forward tomorrow.” Not that I want to put words in the minister's mouth, but I think that's the way he operates with the municipalities as well. So we will do whatever we possibly can, because—

Mrs. Joyce Savoline: But coming from a municipality, as you and I have, we've been caught between ministries, so that's why I asked that question again.

Mr. Lou Rinaldi: Sure. That's a fair question.

Mrs. Joyce Savoline: I want to now turn to another subject and that is expenses, something that we've been talking about in the House in the last few days, and that we spent a little bit of time on last spring. I'd kind of like to jump to that.

According to the 2009-10 results-based plan briefing book, some of the ministry's communication and transportation expenses are increasing quite significantly. The land use planning and building regulation operating expenses have seen more than a 17% increase in transportation and communications over the last year.

Can you, parliamentary assistant, explain why this \$112,000 increase was required, and perhaps what is categorized as a communications cost? Is it outside consulting, perhaps? I just need a clarification for what it might be.

Mr. Lou Rinaldi: Thank you. Maybe what I'll do is turn that to the deputy or staff to get specific with those numbers.

Mr. Fareed Amin: I'm just looking at the page you're referring to, Ms. Savoline, so if you could point me to the—

Mrs. Joyce Savoline: I don't have the book in front of me. I'm sorry, I didn't bring it down.

Mr. Fareed Amin: Because I have the—

Interjection.

Mrs. Joyce Savoline: It isn't my marked-up copy. Under the yellow tab—

Mr. Fareed Amin: I'm just trying to find the relevant section here in the binder.

1700

Mrs. Joyce Savoline: It's on page 93. Transportation and communications, the third line down in the graph.

Mr. Fareed Amin: There were a number of things that resulted in that increase, including some work we did for the Accessibility for Ontarians with Disabilities Act. We had some activities in that regard. We also did a fair bit of work on looking at the requirements for the 2011 building code development, as well as building some capacity in the ministry on aboriginal awareness. We did a fair bit of work with our colleagues in the Ministry of Aboriginal Affairs, as well as within the ministry, looking at how we could build aboriginal capacity and awareness within the ministry and with our stakeholders. So that, I think, would account for the increase in the communications and transportation line item that you identify in the results-based planning briefing book.

Mrs. Joyce Savoline: And the operating expenses for the affordable housing program: There's an increase in transportation and communication costs again. This is an increase of almost \$400,000. So again, if the parliamentary assistant could explain why this very large increase?

Mr. Fareed Amin: Can you repeat the figure that you—

Mrs. Joyce Savoline: It's \$376,267.

Mr. Fareed Amin: I'll have to get back to you on that question.

Mrs. Joyce Savoline: I can't spot my graph right now either.

I'd like to talk about the public accounts that were released last Friday. Could the parliamentary assistant provide all expense claims, contracts, per diems that were applicable for Karen Rodman?

Mr. Fareed Amin: Those were costs associated with relocation costs for one of our employees who was recruited from outside of the GTA. All the expenses incurred in that regard were in compliance with Management Board directives.

Mrs. Joyce Savoline: Again from last Friday's public accounts, could you provide all expenses and contracts for Ryerson University for the 2008-09 fiscal year?

Mr. Fareed Amin: This is the \$109,000 that was provided to facilitate an annual foundation level membership with the Ryerson Centre for the Study of Commercial Activity for 2008-09 and 2009-10. Here is where we partner with Ryerson University to do a study of commercial activity and also to undertake an assessment of brownfield redevelopment. This was a partnership with the university in doing some work on commercial activities as well as looking at some work associated with Brownfield Redevelopment.

Mrs. Joyce Savoline: With their planning department?

Mr. Fareed Amin: I'm not sure if it was with their planning department per se. I can get that information for you. No, it was the Ryerson Centre for the Study of Commercial Activity.

Mrs. Joyce Savoline: For commercial activity?

Mr. Fareed Amin: Yes, that's correct.

Mrs. Joyce Savoline: Could you provide a list of all consulting contracts under \$25,000?

Mr. Fareed Amin: Yes, I can provide you with it. I have a list that I could read into the record, if you wish. But if you would like me to provide you with a copy of that, subject to—

Mrs. Joyce Savoline: A copy would be fine.

Mr. Fareed Amin: Subject to whatever freedom-of-information requirements that might exist, I can provide you with that information.

Mrs. Joyce Savoline: And also a list of all sole-source contracts over \$25,000.

Mr. Fareed Amin: I can provide you with that as well, subject to whatever FOI restrictions may exist.

Mrs. Joyce Savoline: And the last on the contracts: Could you provide contracts with EllisDon?

Mr. Fareed Amin: I will do a search. I don't recall us having any contract with EllisDon, but I will do a search and double-check.

Mrs. Joyce Savoline: Could you provide me, then, parliamentary assistant, with the amounts spent on contracts for external consultants as well as the names of the consultants? External.

Mr. Fareed Amin: Again, what I can provide to you, I will, subject to, again, the caveat I made earlier, that if there is any protected information, I will comply with the

FOI provisions. But subject to that, I will provide you with that information as well.

Mrs. Joyce Savoline: So names of companies—

Mr. Fareed Amin: Is that for 2008-09?

Mrs. Joyce Savoline: Yes. Would that be names of companies that would be protected under FOI?

Mr. Fareed Amin: There might be some other sensitive information in there. I just use that caveat, Ms. Savoline, so that I don't mislead the committee inadvertently.

Mrs. Joyce Savoline: So what I'm looking for is the amount spent on the contract, the total, and the name of the company that is associated with that amount.

Mr. Fareed Amin: Yes.

The Chair (Mr. Garfield Dunlop): You have two minutes.

Mrs. Joyce Savoline: All right. I'll ask this last question, then: Could you, parliamentary assistant, provide all the expenses—that would be including the expenses for travel, meals, accommodations and per diems—for the chairs of the Ontario Building Code Commission, Mr. Antonio Chow; the Building Materials Evaluation Commission, Mr. Edward Link; and the Ontario mortgage board, Mr. John Burke; and the CEOs, for the past two years?

Mr. Fareed Amin: Again, subject to what I'm permitted to disclose, I will endeavour to provide that information to you.

Mrs. Joyce Savoline: Thank you. I'll stop there.

The Chair (Mr. Garfield Dunlop): Thank you very much. Will Mr. Bailey give a minute question?

Mr. Robert Bailey: No.

The Chair (Mr. Garfield Dunlop): Okay, then we'll move over to the third party. Mr. Prue?

Mr. Michael Prue: On the last occasion I was asking the minister a question about sub-metering. I have some more questions on that. I did ask a question in the House which was answered by the Deputy Premier today. But as the parliamentary assistant knows, electricity sub-metering in the residential apartment building sector proceeded unlawfully and without regulation for many years. Because of consumer complaints, the Ontario Energy Board issued a compliance bulletin in March 2009 to draw attention to the situation and to try to stop the activity. In August 2009, the Ontario Energy Board held a hearing on this matter, issuing a decision that it characterizes as an interim one, given the lack of a legislative response from the provincial government on this issue and the pressing need for such action. The OEB's view is that the best mechanism for authorizing discretionary metering is legislative, specifically developed and enacted by government following consultation of the issues. The Ontario Energy Board decided that all agreements that had been made between tenants, landlords and smart sub-metering providers from November 2005 to August 2009 were unenforceable, and they upheld the rights of tenants to refuse sub-metering being imposed upon them. That's the situation that exists today.

1710

Will the ministry review whether sub-metering is the most effective and fair way to reduce energy use in the rental sector? Is the ministry planning a review of that?

Mr. Lou Rinaldi: Mr. Prue, I believe the minister—I stand to be corrected—indicated yesterday that there's a review taking place. I think the minister indicated yesterday—once again, I stand to be corrected—that the minister will certainly take an active role from the housing perspective of the ministry. I'm not sure that I could add any more to that. I'll ask if the deputy can.

Mr. Fareed Amin: The only comment I would make, Mr. Prue, is that we are actively working with our colleagues at the Ministry of Energy and Infrastructure on sub-metering, and that the minister has made a commitment to ensure that whatever policy he implements is fair both to tenants as well as landlords. But this is an issue that he is seized with and working on with our colleagues from MEI.

Mr. Michael Prue: Will this study include an independent analysis about the financial impact of electricity sub-metering on tenants and verify claimed energy savings?

Mr. Lou Rinaldi: Mr. Prue, I'm not sure that we have the details to address what you're asking. All I can say is that action was taken to do the review and to report. I think one needs to give a fair opportunity for that process to take place. I'm confident that the minister will work with his colleagues to address that.

If I might just add, on the whole conservation piece, as you know, we've made some huge strides both in green renewable energy and in conservation. For example—I forget the date now—we're going to be outlawing incandescent bulbs, and actions as such, that certainly conservation is part of the mix as we move forward.

Mr. Michael Prue: What are the timelines the ministry has set for this study? When can tenants expect an answer?

Mr. Fareed Amin: We're actively working with our colleagues at MEI, Mr. Prue. I don't have the specific timeline attached to it, but I can endeavour to discuss that with my colleagues at MEI. If there is an expected timeline, I will provide that information to the committee.

Mr. Michael Prue: In the interim, what should tenants be doing? Refusing to pay?

Mr. Lou Rinaldi: I really can't answer that question. Can you—

Mr. Michael Prue: They need an answer. If they refuse to pay, what's going to happen? If they pay and it's being collected illegally, what's going to happen?

Mr. Lou Rinaldi: Why don't we endeavour to get the current status of where the review is and what the process is? We'll certainly endeavour to—I'm sure that, as part of the process, we'll be able to address your question. If you could bear with us, we'll get you that answer.

Mr. Fareed Amin: The other suggestion I would have, Mr. Prue, is that if tenants feel that the money that they are paying for the consumption of electricity is

unusually high, they can file an application with the Landlord and Tenant Board.

We're going to try to make sure that whatever regime is implemented is fair to both tenants and landlords. In the interim, that option does exist for tenants.

Mr. Michael Prue: The OEB was quite clear, though, that the landlords have acted beyond the scope of the law and the sub-metering companies beyond the scope of the law. Why would you be seeking to protect the landlords who acted in that capacity?

Mr. Lou Rinaldi: Well, Mr. Prue, I think the ministry—not this ministry, MEI—has certainly taken quite an interest in intervening, to do this study and report to see how we can best handle the situation. I do believe that—and I can only speak about myself; I'm sure we're all equal, the same as you—when we have means of measuring things, we're more cognizant of the use of those services that we use, in this case hydro, and if there was some kind of an arrangement or a process in place where tenants were able to physically see the cost of energy that they use, they would possibly think of other ways of accomplishing whatever their goal is. I think the ministry has acted, but we're committed to get you that time frame and what other options tenants have, besides going to the board.

Mr. Michael Prue: Well, I would be in full agreement if it was just the tenants having the authority to monitor how much electricity they're using, but how do they control factors such as leaky roofs, leaky basements, leaky airflow through windows, improper insulation? I know of many tenants who have no option in the winter except to turn on the oven and open it up in order to heat their apartment, and now they're being metered. What am I supposed to tell them?

Mr. Lou Rinaldi: You make a valid point. I don't think we're arguing that. This is why we are taking some action to see how we can best address this. The minister indicated yesterday that he's committed to act responsibly from both ends, landlords and tenants. It's certainly something that has created an issue of sorts, and the ministry is trying to deal with it and we will commit to have that information for you.

Mr. Michael Prue: The—

Mr. Fareed Amin: They're also—if I may, Mr. Prue—some conditions attached to the OEB order, which includes an energy audit, consent from the landlord, as well as a number of other conditions that the landlord would have to meet before the imposition of sub-metering in these apartments. So we're hopeful that some of those conditions attached to the OEB order could, to some extent, mitigate the impact that this would have on tenants.

Mr. Michael Prue: Just while you're on that point, if tenants' informed and voluntary consent is required for sub-metering, what conditions will the ministry set to ensure this is the case? Because right now the OEB is very clear: The OEB said that even though landlords would go, and even though the tenant would sign the form, that did not constitute informed consent because

they really had no idea of what they were getting into. How is the ministry going to ensure that every single tenant who is sub-metered will have the wherewithal to understand?

Mr. Lou Rinaldi: I think, if I may, Mr. Prue, not to belabour the point, you do bring a really good question. I think what we need to try to do, and what we're trying to accomplish—we know that that's an issue, but we also have to look for a long-term solution to this, because it's not one time as we move forward. I know that the minister and staff are working very hard with MEI to address that issue, but on an equal basis with the move forward for the long-term.

Mr. Michael Prue: My next set of questions has to do with the relationship between the ministry and municipalities. First are just a couple of general questions. The former minister had extensive dealings with the city of Kawartha Lakes in its effort to dissolve itself; as well, some reference was made on occasion to Essex county trying to get out of its forced amalgamation. Does the ministry have any plans, any new documentation or any new set of guidelines to deal with municipalities who are unhappy with their forced amalgamation, of which there are many?

1720

Mr. Lou Rinaldi: I'm not specifically aware, but I think both the previous minister and this minister have made it fairly clear that the amalgamations or de-amalgamations would have to come within, from the bottom up. I believe that's still roughly our policy, if I'm not mistaken. Deputy, do you have anything to add?

Mr. Fareed Amin: No, nothing to add to that.

Mr. Michael Prue: The minister said that it had to be requested by the council, not by the people, so that even if the people wanted it, it didn't matter; they weren't going to listen to referendums. The council itself would have to make a determination, and even when they did so, they'd have to show financial reasons why it was—there's a whole bunch of conditions. None of that happened in the reverse; nobody was questioned in the reverse. Why does the ministry think that it's necessary to make it so onerous to de-amalgamate when it was so easy to amalgamate?

Mr. Lou Rinaldi: Well, Mr. Prue, I think to say that the public doesn't have a say is not quite correct. You've been in this business probably longer than I have been, and the public has a lot to say when it comes to election time. I'm a little bit familiar with—well, not familiar; being in proximity to—the Kawartha Lakes, and councils of the day and councils of today possibly, I'm not sure, paid the price for the decisions they made. The people spoke at election time—municipally, I'm referring to. So people do have a say through that democratic municipal election process when it comes to that sector.

Mr. Michael Prue: They have a say in who they vote for, but they don't have a say in how the town is structured anymore.

Mr. Lou Rinaldi: I would argue with you, because in many cases on any issue, whatever level of government,

candidates will put forward their platform, whether it's municipally, provincially or federally, and people, I would hope, would vote for what those folks stand for. So just to reiterate, the minister would, as stated in the past, consider a request for restructuring that is locally driven and meets the following criteria: approval and submissions of the proposal by local council or the appropriate councils in two-tier municipalities, demonstrate fiscal self-sustainability for all proposed new municipalities and demonstrate property tax fairness for all residents.

So, once again, the referendum is at the ballot box. I'm a strong believer that democracy does work.

Mr. Michael Prue: Getting off the amalgamation issue and onto what I think is probably the most thorny issue for municipalities, and certainly must be for the minister, is the ongoing saga of the city above Toronto. I know that I have a fairly extensive file—people sending me e-mails, correspondence, letters, magazine articles, newspaper stories—and it never seems to end. Is the ministry at all involved in the ongoing saga of what the residents like to call “the city above the law”?

Mr. Lou Rinaldi: My understanding is that the city of Vaughan is in the process of adopting a new municipal code of conduct for members of council and then also establishing a code of conduct for its staff. I think within, that municipality recognizes some of the shortfalls, and as you're aware—and I'm sure the minister, although I can't reflect his thoughts specifically here today—local solutions normally work best for the local communities. The city of Vaughan is making an effort to put processes in place, and I think that's been widely reported in the media. I believe that at the end of the day they'll come up with solutions that best fit their community.

Mr. Michael Prue: Can the ministry explain to me why the government of the province of Ontario has on several occasions, and most recently with the Toronto Catholic District School Board, walked in with far less information than you have for the city of Vaughan? You put in a supervisor. Why is the ministry reluctant to take the same action for a municipality?

Mr. Lou Rinaldi: Mr. Prue, I think we need to compare apples with apples, to be fair. The school boards, the same as hospitals, are 100% funded by the province. We're responsible for some of the decisions those school boards make and the money that they spent. Municipalities set their budgets and their governance structure. So I don't think it's a fair assessment, why we do it with the school boards and not with the municipalities.

I must say, from my experience in municipal council, there are avenues that one could pursue. But maybe the deputy could add to that piece a little bit.

Mr. Fareed Amin: Yes. In fact, we've had senior staff from the ministry meet with officials from the city of Vaughan. We also, as we do with all municipalities across Ontario, monitor their financial situation and look at their FIR on an ongoing basis. I think it is fair to say that at this juncture in time we are satisfied that on the financial side the municipality is not at risk. To intervene in the

manner you describe, at this stage, Mr. Prue, may not be the optimum solution. But we are monitoring their situation very actively, and as I mentioned earlier, our staff had several meetings with senior officials from the city of Vaughan.

Mr. Michael Prue: The ministry must be aware of all of these things and what the ministry did, if anything. There were financial audits in 2006 of the municipal elections, requested by the taxpayers of Vaughan and conducted by Ken Froese, identifying 200 Municipal Elections Act contraventions for three of the elected members. The Ministry of Municipal Affairs must be aware that that took place and that the information is readily available.

Mr. Fareed Amin: Yes.

Mr. Michael Prue: Did the ministry do anything?

Mr. Fareed Amin: As I said, we're monitoring the situation. Some of the information we have received is information that we monitor and review on an ongoing basis. If we feel that there is a situation in which the minister needs to intervene, we will look at that and make a recommendation to the minister.

Also, as you probably know, under the Municipal Elections Act, concerns about candidates' election finances are matters to be dealt with locally. The act does not provide for the ministry to conduct a review or do a compliance audit. This is all done locally. The obligation resides with the local council. Compliance with the legislation is done through the courts.

The Chair (Mr. Garfield Dunlop): Just a minute left, gentlemen.

Mr. Michael Prue: Thank you. If the local council is unwilling or unable to conduct or to do what is necessary, the ministry then washes its hands of it?

Mr. Fareed Amin: We would continuously monitor what's happening, as we do with every single municipality across Ontario. I think it is fair to say that if at the staff level we deem anything to be a risk or a financial risk, we would make recommendations to the minister. In the case of Vaughan, we are doing that through a review of their FIR returns. As I mentioned earlier, we're also having our staff meet with senior officials. We are actively ensuring that the municipality is not at financial risk, and if it is, I think at that point in time we'll make the appropriate recommendations to the minister.

Mr. Michael Prue: Thank you very much. Mr. Chair, I will be continuing on this line, so we can bring that file back when we return.

The Chair (Mr. Garfield Dunlop): That finishes the third party's rotation. We agreed that at 5:30 we would go into an in camera session. I want to thank the ministry staff for being here this afternoon. We'll see you again next Tuesday morning at 9 o'clock. If you could excuse us, we'll stay in committee from this point on. Thank you.

The committee continued in closed session at 1730.

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Tuesday 6 October 2009

Mardi 6 octobre 2009

**Standing Committee on
Estimates**

**Comité permanent des
budgets des dépenses**

**Ministry of Municipal Affairs
and Housing**

**Ministère des Affaires municipales
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STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 6 October 2009

Mardi 6 octobre 2009

*The committee met at 0900 in room 151.*MINISTRY OF MUNICIPAL
AFFAIRS AND HOUSING

The Chair (Mr. Garfield Dunlop): We'll call the meeting back to order, ladies and gentlemen. Members of the committee, welcome back this morning, and welcome to Minister Watson and all the staff from the Ministry of Municipal Affairs and Housing.

When we left off, we had finished up with the third party. This morning we'll start with the government members. They have 20 minutes on their rotation. Mr. Delaney and your colleagues, have you got someone to start?

Mr. Bob Delaney: Jim, do you want to start?

The Chair (Mr. Garfield Dunlop): Mr. Brownell, you have questions to start?

Mr. Jim Brownell: Yes. Thank you, Mr. Chair.

The Chair (Mr. Garfield Dunlop): You've got 20 minutes.

Mr. Jim Brownell: Twenty minutes. It's certainly a pleasure to be here. This is really my first time having a chance to ask a question. I got the appointment and attended one meeting but didn't have a chance to speak. Then I had to leave, and I'm back.

I know that our government has certainly done a lot of work in the social housing programs across the province. Even in my riding of Stormont—Dundas—South Glengarry—if I could just say a few words about the affordable housing programs that have been in place—they help to expand programs and to make sure that the best is there in affordable housing.

In my riding, a lot of work has been done. Mr. Minister, you've been down on a number of occasions. Just in the past year I believe you were down twice, and you made a great announcement there with regard to affordable housing, the upgrades and the work to affordable housing.

This is all part of what we planned when we first decided that this was going to be a key component of our work within this year and in previous years. You, Minister, have certainly taken the bull by the horns and made sure that we are investing wisely and making the best use of the resources, and I think this is showing in communities all across the province.

As I said, in my riding, we have a number of projects that have been the beneficiaries of work from your ministry, of allocated funds from your ministry, and we're appreciative of that. We know there's a waiting list in all our ridings, and that's one of the things that we constantly get as members: individuals at our doors and those who work for folks who need affordable housing—we get those people at our doors, wanting those supports. I have to say that the help that has been given is good and has been very helpful to us.

I'm looking to get some details of the programs that are in place across the province. I know you've made announcements and the previous ministers have made announcements, but I just wondered if you could elaborate on some of the programs that are in place and provide the details and how they're being implemented. This is really what I'd like to know. I think it's important that we here, as the committee, understand and know what's in place and how these funds are being spent.

Hon. Jim Watson: Thank you, Mr. Brownell. I'm delighted to answer the question and very proud to. I'm proud of the fact that our government did get back in the affordable housing business.

To go back a few years, it was my predecessor, Minister Gerretsen, who signed the Canada-Ontario affordable housing agreement with the then-federal housing minister, Joe Fontana. That was a very good deal for Ontario and it was a very good deal for Canada. It created thousands of new, affordable housing units and repaired other housing units. It certainly helped with the wait list; there's no question about that. As a result of the success of that program, we quickly realized that the clock was ticking out on the five-year agreement, and it would expire March 31 this year.

I started working relatively quickly after being appointed minister in October two years ago by Premier McGuinty to work with my provincial and territorial housing ministers. We had a number of meetings, including one that was actually held in a gymnasium in a wonderful community in my riding of Foster Farm where we brought all of the housing ministers together with the goal of developing strategy to convince the federal government to get back in the housing business.

Early on in my term, we were to have a federal-provincial-territorial ministers' meeting, a so-called FPT meeting. Regrettably, we could not convince the federal minister to attend. We finally did get a commitment by

the federal minister, who, at the time, was Monte Solberg.

It was a bit of a strange situation. He wasn't calling it a formal FPT meeting; he was calling it a gathering. We met in the evening in his office in Gatineau. It was not really a public event, but it was a chance for the provincial and territorial ministers to actually have a frank discussion with the federal government to recognize that while the federal government philosophically didn't seem to be inclined to support affordable housing, we felt that it was in the nation's best interest to have a national affordable housing strategy; that we have federal support, because CMHC still plays a vital role in housing in this country; and that he commit to sitting down with us to develop an extension to the Canada-Ontario affordable housing program. The other ministers have their own affordable housing agreements, PEI-Canada and so on.

We didn't really get a firm commitment on that. Subsequently, there was an election, and a new minister was brought in. We had another FPT meeting that the minister didn't show up at, and then we had our most recent FPT meeting in Newfoundland this summer. The federal minister didn't show up, but she did give a commitment that we would have bilateral meetings this fall and eventually, before the end of the year, a formal FPT meeting. We're hoping that Minister Finley follows through on that, and we believe she will.

In the interim, the economic stimulus packages started to be announced by the federal government. To our great surprise and delight, the federal government, I believe, listened to us and many not-for-profit and municipal leaders across the province, including the FCM, the Federation of Canadian Municipalities, and AMO, and put \$622 million into the federal budget for affordable housing programs.

That money was divided into a couple of categories. It was an extension of the Canada-Ontario affordable housing program for five years, but the commitment for funding was for two years. There was money for housing repairs because we know that a lot of the housing stock in Ontario and throughout Canada is showing its age. I've been to your community, Mr. Brownell, and we've seen a number of social housing units that were not in great shape because they were built maybe 40 years ago and not enough life-cycle maintenance was put into them in some instances. As well, the building materials, I suspect, at the time, because it was so-called social housing, were not the best quality. There was a stream of money that would be put into repair and retrofit and a stream of money to build new units, with a special emphasis on affordable units for the disabled and low-income seniors.

I was very pleased when Minister Duncan, in his budget, matched the funding from the federal government to the tune of \$622 million. We signed the agreement; I had the opportunity to sign the agreement along with Minister Finley. The total money we have to spend is \$1.2 billion. It's a good investment. In fact, it's the single-largest investment in that short a period of time in Ontario's history. While we're appreciative and we

commend the federal government for their investment, we also realize that we need more than a two-year fix; we need a longer-term affordable housing strategy. For that reason, I'm pleased that we've launched our own long-term affordable housing strategy in Ontario and we look forward to bringing that forward to cabinet in late spring of next year.

0910

Mr. Jim Brownell: If I could just, in a supplementary—

The Chair (Mr. Garfield Dunlop): Go ahead. You've got 11 minutes left in this round.

Mr. Jim Brownell: How many?

The Chair (Mr. Garfield Dunlop): You have 11 minutes.

Mr. Jim Brownell: Certainly, when you came to my riding, Minister, you saw some work that had been done on affordable housing units—a project in the east end of Cornwall. It was wonderful to see. As we toured that project, we could see more.

You mentioned \$622 million from both levels of government now, and I wonder if you could tell us a little more about the rollout and how it's going. I imagine there are many projects across the province that are shovel-ready—or not shovel-ready, but infrastructure-ready. For shovel-ready, you don't put a roof on a house and talk about it being shovel-ready. That's what we saw in my riding: new roofs being put on, we saw new doors, windows and all those energy retrofits. I'm just wondering how things are rolling out and if you're seeing an early start to some of this work, and what you envision in the future and how things will unfold as we move forward with the funding.

Hon. Jim Watson: Well, certainly the direction I've given to our staff, who are working very hard to get the money out to service managers across the province, is that we have to spend all of the money that we've been allocated from the federal government, because if we don't, we lose the money and it goes back to the federal government, and I'm not interested in that exchange of funds. I want the money to stay in Ontario and build houses and repair houses.

Before I answer your direct question, Mr. Brownell, I'll just give you a little sense, ministry-wide, of the funding—which I know you've worked very hard to attract and advocate for—that has gone to the city of Cornwall. Some of these are infrastructure dollars and some of them are housing dollars. One of the good things about infrastructure dollars going to municipalities is that it does free up other infrastructure dollars for other priorities that the municipality may be interested in. One of those may in fact be housing.

In the Investing in Ontario Act, which every municipality benefited from, the city of Cornwall—I know there's more to your riding than Cornwall; you remind me of that all the time, but I'll just give you the Cornwall numbers as the largest community in your riding.

Mr. Jim Brownell: Yes, service delivery is through the city to the rural area.

Hon. Jim Watson: That's right. So \$4.3 million in Investing in Ontario, in the MIII, which is the municipal infrastructure investment fund; \$1.2 million in social housing repair. I saw evidence of that money in the east end of Cornwall; it was \$774,000.

I should comment that when I do go and visit these communities, one of the things that certainly comes to mind is the sense of appreciation the residents have that finally, someone is actually helping them out, because in many ways, they've been left on their own and the municipalities have not had the money, obviously, to invest. So there is a real, deep sense of appreciation and certainly a sense of community in these neighbourhoods. The community we visited was a beautiful setting, with lots of green space, kids running around, and senior citizens. It was really quite nice.

Provincial gas tax in 2007-08, \$550,000; in 2008-09, \$558,000; total gas tax since 2004 in the city of Cornwall for public transit, \$2.7 million; roads and bridges money in 2008, \$792,000; a special assistance grant and/or ODRAP, which is the disaster relief assistance program, \$162,000; and the rent bank program in 2009, \$43,000.

I certainly heard from folks in your area about their appreciation for the rent bank, and since the rent bank has been in place, \$326,000 in total has gone to Cornwall. That has prevented 276 evictions in your community. You know the turmoil that's created with an eviction.

Social housing repair funds over the next two years, which is the funding I talked about earlier, \$4.8 million; Building Canada intake number one, \$285,000; Building Canada intake number two, \$9.2 million; Building Canada major infrastructure component, \$18 million; ISF funding, \$2.4 million; and the recreation, or RInC, program, \$857,000. So Cornwall has done very well, and those dollars I know will be wisely spent by Mayor Kilger and his council and others in the greater riding.

As of August 28, 44 AHP extension projects have been approved, for a total funding of \$87.5 million province-wide. The ministry has also recently completed its round two funding approval stage and has approved an additional 22 AHP extensions, which are 2009 projects, totalling \$72.72 million.

We are working hard to get the money out the door. There will be a next round of announcements coming up shortly. We're very excited by the interest. There is not going to be, in my opinion, a shortage of applications for this money.

The Chair (Mr. Garfield Dunlop): You have about four minutes left.

Mr. Jim Brownell: With regard to the interest: I know that in my riding, there are a number of projects that are waiting. There's never a lack of projects, probably throughout Ontario, requiring the additional funds and assistance.

When you came to the riding and toured the project, the folks were so excited about it. In fact, they took you on a walk. I'll never forget that. They took you and Mayor Kilger on a walk, and I accompanied you. It was just wonderful to see the expressions of thanks to a

government that was putting money into housing where these folks could not do it on their own. They were certainly appreciative.

I'm just wondering, with regard to the next intake, are you seeing across the province lists that are fairly long? What does it look like with regard to lists and with regard to projects that communities are looking into?

Hon. Jim Watson: Maybe the deputy can give us an idea. Do we have a sense of the numbers of applications, Deputy, or one of our ADMs?

Mr. Fareed Amin: Thank you, Minister. Yes, we do. In fact, for the affordable housing program for this coming fiscal, we're at that point where we're almost at the maximum that we have for year one. We're thinking about aggressively pursuing a year two strategy.

In fact, we are also having discussions with municipalities on the social housing repair and renovation program. The take-up on that is not as significant as the AHP program, but again, we're working with municipalities to try to ensure that we've got enough projects to spend the money.

As the minister said, our intent is to ensure that we spend the \$1.2 billion on the projects and encourage the municipalities to get on with it and submit those projects as soon as possible. As well, our staff out in the field offices are doing a lot of work with the service managers to try to ensure that we've got all the projects that we can handle in year one.

As you know, the challenge we have is that the money has to flow evenly in year one and year two. So we've got to fund just over \$600 million worth of projects in year one and \$600 million in year two. That's the stipulation by the federal government in the stimulus package.

On the AHP program, we are at that point now where we are almost at our limit. On the social housing renovation and retrofit program, I think we've got some additional work to do, Mr. Brownell, to make sure that we can actually spend that amount of money in year one.

The Chair (Mr. Garfield Dunlop): You've got about 30 seconds.

Mr. Jim Brownell: So there is an indication across the province that there's still a great need out there for—

Mr. Fareed Amin: Absolutely. And as you know, on the social housing renovation and retrofit program, we're really encouraging municipalities to look at energy efficiency. There are things that they can do with the existing stock. As the minister said, some of the stock is aging, and our challenge is to make sure that we modernize some of the building elements, to ensure that we not only create energy-efficient buildings but we're also saving operating costs, which is also a challenge for municipalities and service managers.

0920

Mr. Jim Brownell: Thank you.

The Chair (Mr. Garfield Dunlop): Thank you very much, Mr. Brownell. Thank you, Minister and Deputy. We'll now move over to the official opposition. Mr. Arnott, you're first.

Mr. Ted Arnott: I'm pleased to have this opportunity today to ask you, Minister, a few questions. I've been approached by a number of the municipal councils in Wellington-Halton Hills who are wondering about the future of the Ontario municipal partnership fund. There are rumours circulating that there may be substantial changes to that fund in the offing or that it might be eliminated entirely. Can you please clear the air for my municipalities and explain what the future of the Ontario municipal partnership fund is going to be?

Hon. Jim Watson: I had a similar question from your colleague. Certainly, the OMPF fund, as we call it, the Ontario municipal partnership fund, is not going anywhere. It will continue to exist. We're committed to that.

I think, perhaps, what some members of council and some councils may be concerned about is whether the government will continue the mitigation funding—that's almost the top-up funding. It's approximately \$70 million to \$80 million required on an annual basis to top-up those municipalities that have been topped-up, really, for the last four years, as a result of year-end decisions by the government. In essence, those municipalities should not have been receiving that top-up funding, but we did accede to their request on four occasions. No decision has been reached with respect to whether the mitigation funds will continue, but certainly the overall OMPF fund is well over \$500 million. That money is committed; it's in the fiscal plan and it will continue to flow to municipalities across Ontario.

We did, during the Provincial-Municipal Fiscal and Service Delivery Review, undertake a couple of things that we told our municipal partners. One, that we would commit to OMPF mitigation funding in 2009 to the tune of, I believe, approximately \$74 million, and we did that and that money has been sent to the municipalities. Secondly, we could not commit to an extension of the funding at this point because we were investing substantial dollars into the upload program that we signed off on, and that, to remind you, is the uploading of the Ontario drug plan, Ontario disability support plan administrative costs, ODSP benefit costs and court security/prisoner transportation costs—all part of the fiscal review.

We did undertake, through Minister Duncan, who was the co-chair of the fiscal review table with me, that we would strike a committee made up of AMO, as well as the Ministry of Finance and ourselves, with the Ministry of Finance taking the lead because OMPF is a finance program. Toronto is not part of that committee, if I'm not mistaken, because they do not receive OMPF funding. That committee has met on a couple of occasions and Minister Duncan now has the decision to make as to whether there'll be any changes to the OMPF funding formula and whether there will be mitigation funding. But we've indicated to municipal leaders, both at the AMO conference and I have when I've travelled around the province, it's always more prudent not to expect it and plan accordingly, and always a pleasant experience if we do bring forward the mitigation funding. Obviously,

we have some financial challenges at the province. We're certainly committed to the agreement that we signed and the uploading, and we think that's a good deal for municipalities because at the end of the day they will be ahead \$1.5 billion on an annual basis when all of the uploads take place.

Mr. Ted Arnott: But of course, where the rubber hits the road is how this so-called upload or download affects individual municipalities and then, in turn, how it affects their tax bills. You can talk about aggregate numbers across the province, and I understand why you would do that, but at the same time, it's cold comfort to a municipality that's experiencing a reduction in their grant, which triggers a tax increase that they have to answer for.

In your response just now, you said—I wrote down notes here—that the municipalities should not have been receiving the mitigation funding of \$70 million to \$80 million. If, indeed, that was the case, why were we giving it to them?

Hon. Jim Watson: Well, they shouldn't have received it because the formula is such that certain municipalities—I think about 140 or so—did not qualify to receive the mitigation funding and, as a result, for a number of years, perhaps because of the generosity of the finance minister—he agreed to the mitigation funds in each of those four years—we obviously at that time had a surplus situation that we were dealing with and we had more financial resources than we have today.

I just want to give you the total figures for OMPF funding that I have in front of me here. In 2009, the province is providing 405 municipalities with \$949 million in support through the combined benefit of OMPF grants, which are \$704 million—I think I told you \$500 million—plus the upload of ODP and ODSP administrative costs, which are \$245 million. This represents an increase of \$330 million, or 53%, over funding provided in 2004 under the previous program. I think you might recall that the previous program, under your government, was the community reinvestment fund.

Municipalities, including those that were receiving mitigation funding, are better off today than they were prior to 2004, to the tune of \$330 million or a 53% increase.

Mr. Ted Arnott: Again, those are aggregate numbers that don't necessarily take into account the specific differences of individual municipalities.

In your answer just now, you said that municipalities did not qualify for mitigation funding, yet they were given \$70 million to \$80 million when the province's finances were a little more flush. I would suggest to you that they demonstrated need. They demonstrated need to the province and that's why they got the money. I would suggest to you further that the need still exists in those municipalities and I would hope that as Minister of Municipal Affairs, you will forcefully advocate to the Minister of Finance that there is a need and that this is not something that should be cut.

In terms of the township of Centre Wellington, they have brought this issue to my attention. They've talked to

the parliamentary assistant to the Minister of Finance, Wayne Arthurs, at the AMO conference, we have written letters to the Minister of Finance on July 14 and September 11, and I spoke to the Minister of Finance in the Legislature on September 29—all these conversations have been documented—to express the concern that the township of Centre Wellington has with respect to this issue.

I'll briefly read to you the e-mail that was sent to Mr. Arthurs at the end of the summer by Michael Wood, the chief administrative officer of the township of Centre Wellington. Again, this concerns the Ontario municipal partnership fund.

"Although Fergus has not existed as an incorporated entity since December 31, 1998, Statistics Canada has continued to use the name Fergus in its geographic breakdown of the population of Centre Wellington.

"Although Fergus has no legal status, it appears to us that Statistics Canada has used its own definition of the area which it calls Fergus.

"It also appears to us that the area which Statistics Canada calls Fergus for the 2006 census is vastly larger than what it calls Fergus for the 2001 census.

"The township of Centre Wellington was formed on January 1, 1999 through the amalgamation of the former municipalities of the village of Elora, the town of Fergus, the township of Nichol, the township of Pilkington, the township of West Garafraxa, and part of the township of Eramosa.

"The Statistics Canada census population for Centre Wellington is 24,260 in 2001 and 26,049 in 2006, which is a 7.4% increase.

"Centre Wellington is a geographically large, mixed urban and rural municipality which covers 407 square kilometres."

That's the description that they've given the parliamentary assistant to the minister. I can certainly share that with you, but what I would ask you to do is look into this matter on behalf of the township of Centre Wellington, because if they lose their funding under this program partially because of the Statistics Canada issue that they've outlined here, it will represent and result in a 17% property tax increase for Centre Wellington residents on the local portion of taxes paid—a huge, whopping tax increase. I would ask you to look into this matter. Certainly I would invite you to contact the township officials or have your staff contact the township officials to confirm and verify the information I've given you. I know they've been in extensive consultations and discussions with the Ministry of Finance, but I also know that you, as Minister of Municipal Affairs, would want to advocate for a municipality in this situation and I would urge you to look into it. I appreciate whatever you can do to help.

Hon. Jim Watson: Thank you, Mr. Arnott. Let me just answer that in a couple of ways. First of all, no decision has been taken. The minister and I undertook that we would conduct a review of the OMPF funding formula, and that review is being undertaken now.

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Secondly, with respect to Centre Wellington township, I just think it would be helpful to get on the record some of the investments this government has brought to Centre Wellington township over the last several years. In the Investing in Ontario Act, \$1.4 million; the MIII program, \$580,000; rural infrastructure, \$900,000; roads and bridges funding, \$878,000. The good thing about the roads and bridges funding—if you may recall, one of the concerns that smaller rural municipalities have always brought to us is the fact that these infrastructure programs tended to be based on a per capita funding formula. In many instances—you know better than I—smaller rural municipalities often have more roads than people. This program actually took into account kilometres of road and so on. So that community did very well at \$878,000. SAG and/or ODRAP funding, \$299,000, and then \$443,000 in ISF funding, and \$771,000 in RInC funding.

The other thing to take into account is, most of the uploading that took place was as a result of the arrangement we signed with AMO and the city of Toronto, because they were social services elevated to the county level and not the local level. I think it's helpful to give you the figures for Wellington county, which you represent. They benefited extremely well: Investing in Ontario, \$3.3 million; the MIII, \$1 million; social housing repair, \$1.2 million; roads and bridges, \$2.3 million. The projected estimated net benefit of the upload to Wellington county when fully implemented is \$4.5 million, which is substantial; rent bank funding, in total, \$456,000; evictions prevented, 320; social housing repair money, \$6.8 million; Building Canada, intake number one, \$621,000; intake number two, \$1.5 million; and RInC funding, \$120,000.

So there's nothing that prevents the county from sharing some of those savings with the lower-tier municipalities. That's what a number of municipalities—we suggest they get in touch with the county because they are the county. Sometimes I find it a little strange when lower-tier municipalities say, "Well, the county's not giving us their share." I said, "Well, who sits around the county table? You do." So it's up to them, because the county is not a separate group of elected officials. It's the reeves and the representatives from the lower tiers.

They may have to take off their county hats and put on their lower-tier and say, "We'd like to take some of that tax room or tax points, as a result of substantial millions of dollars of savings in uploading, and share that with the lower tier." That, in fact, I believe will happen in some jurisdictions, because I think people understand that while the county benefits greatly from the uploads, there should also be some recognition that the lower-tier municipalities do have costs as well.

As I understand it, you're telling us to spend more money, so I want to make it very clear that you and your party advocate spending more money.

Mr. Ted Arnott: With respect, if you're going to paraphrase what I've said and mischaracterize it, I'm going to clarify. I have some priorities and I have a

number of issues that I believe are important, urgent matters that need to be dealt with by the province of Ontario. That's what I'm saying.

Hon. Jim Watson: Okay, but the fact is that you're asking me to advocate to spend \$80 million more this year—is that correct?—on this project.

Mr. Ted Arnott: Not more than last year, no.

Hon. Jim Watson: No, no. The same amount. You're advocating we spend—let's say the figure is \$78 million. So you want us to spend \$78 million that has not been budgeted for because it has been one-time, one-off money each year—

Mr. Ted Arnott: The same as last year and the same as the last four years.

Hon. Jim Watson: So that's additional dollars that are not allocated in the fiscal plan.

Mr. Ted Arnott: The same as last year.

Hon. Jim Watson: I just wanted to clear that. Thank you.

The Chair (Mr. Garfield Dunlop): You have about six minutes left.

Mrs. Joyce Savoline: Oh, okay. It's my turn.

The Chair (Mr. Garfield Dunlop): About five and a half minutes, Ms. Savoline.

Mrs. Joyce Savoline: We could continue with that discussion and go on with it, because I would just like to say that advising lower-tier municipalities to create resolutions that upper-tier municipalities would bring money down, and then create challenges for upper-tier municipalities because of the funding relationships, is not the answer in how to do this partnership between municipalities and the province. It hasn't worked in the past and in my municipality the money that was slated to be used for social housing, when the pooling money was reduced, was resolved to be used at the local level for reducing property tax or something. But it didn't go to social housing, as originally intended.

I know that the intention is when—for example, pooling money, which is social service money, should be reinvested into social service programs when it's left in the upper-tier budget. That's just to say that without conditions imposed that doesn't always happen. There needs to be an understanding of that. It isn't quite that simple.

Hon. Jim Watson: I should clarify, Ms. Savoline, the money that is coming in to the upper tier—in your case, to the regional government—is replacing the costs of those social services. So unless the region wishes to expand social services, the actual costs are covered by those dollars, which frees up—in the case of Wellington, it's \$4 million, and in the case of Halton, it's obviously substantially more. Let me just see what the total cost is—about \$22 million. Those are dollars that have been freed up because the province is now paying for that social service cost. It's not taking away from social services; it's actually flatlined to the same level.

Now, regions may decide to expand social services. Obviously, in difficult economic times the number of people on social assistance rises and you may want to

keep a portion of that, but for all intents and purposes, that \$22 million that Halton has shouldn't go to cover last year's social service bill because the province has now absorbed that cost.

Mrs. Joyce Savoline: That isn't the money I'm talking about. I'm talking about, for example, the reduction in pooling cost to the GTA regions.

Hon. Jim Watson: Right.

Mrs. Joyce Savoline: I think without exception—and Durham didn't have as many pooling costs, but the other three regions—the regional council, which consists of all local members of council, put forward resolutions to bring most if not all the money down to the local level. All I'm saying is that it doesn't always work that social service money continues to flow for social service programs.

Hon. Jim Watson: Thank you.

Mrs. Joyce Savoline: I'd like to start by asking a question—

The Chair (Mr. Garfield Dunlop): You've got about two minutes.

Mrs. Joyce Savoline: —on brownfields. You have a website with your ministry, and I'll quote, "Cleaning brownfields cleans the environment. It reuses the land to make way for new sustainable communities with houses, offices, schools and recreation centres close to public transportation and other services."

I think that is something that everybody can embrace; I certainly can and I know that municipalities are happy with that kind of comment.

In January 2007, there was a comprehensive package of legislative reform that was passed in response to issues that were raised by stakeholders because there were major key barriers to developing brownfields. As you know, most if not all municipalities in Ontario have some brownfields and they lie vacant; they lie unusable. A lot of the reason is because the owners have simply walked away because the rules are either unclear or they're so financially onerous that they just walk away from it. Nobody pays taxes on this land and it's just lying there contaminated.

In the fall of 2008, the Ontario Ministry of the Environment released proposed regulatory amendments, known as the brownfields regulations, for short. What affect do you, Minister, feel that this amendment, if it is approved, will have on the growth plan for the greater Golden Horseshoe?

The Chair (Mr. Garfield Dunlop): Answer a bit brief—I know it's long; you'll have to get back to it later. Sorry about that, but briefly.

Hon. Jim Watson: Okay. We're very excited about the opportunity that brownfields redevelopment plays, particularly in older urban communities and, in some instances, smaller rural communities that have an old industry that's been shut down and a brownfield site has been left. We obviously think, from a planning perspective, if we can develop more brownfields, particularly within the urban cores of communities, it prevents urban sprawl and so on.

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When the bill was introduced by my predecessor and legislative reforms were passed, we had a number of representatives who came to Queen's Park and commented in a positive fashion. One of the things that the city of Toronto indicated was, "The bill marks a historic milestone in the evolution of Ontario's land use planning."

The Ontario Home Builders' Association said, "We share the government's view that brownfield redevelopment is essential and necessary to the overall economic health of the province and in particular, many urban centres' core areas."

Brantford has actually been a very positive example of a community that's used both tax credits and incentives to get people to invest and clean up brownfields. Mayor Mike Hancock wrote to Minister Gerretsen on March 27, 2007: "I'd like to thank you. Not only will this grant assist the cleanup and redevelopment of brownfields, but it will help promote a healthier community. Your government's emphasis on providing stronger, safer communities for the people of Ontario will help to make Brantford a much better place to work, play and raise a family."

We know that we still have to do more work. There are still, in many cases, exorbitant costs in cleaning up a brownfield. There are liability issues that still act as a deterrent in many ways for communities to go in and clean up, because you go in and you don't know how much it's going to cost because you don't know how much the oil or coal tar or whatever has seeped into the ground—or even, in fact, the groundwater. So we have, through the Municipal Act and Planning Act, given municipalities more flexibility under the legislation passed to develop financial incentive programs to encourage the cleanup. We provided some initial financial assistance and a tax incentive program. These are the kinds of things that we believe have acted as a catalyst to get more brownfield development sites off the books as brownfield sites and providing more property tax assessment, economic growth and activity, particularly for older communities.

The Chair (Mr. Garfield Dunlop): Okay, thank you very much, Minister. We'll get back to that later. Mr. Prue for the third party, you now have 20 minutes.

Mr. Michael Prue: Thank you very much. Welcome back. On the last occasion, Mr. Rinaldi tried his best, but I just want to make sure that you share some of the same opinions. Did you have a chance to read the transcript of what he said?

Hon. Jim Watson: I did. I read it quickly.

Mr. Michael Prue: Okay, quickly. I was questioning him about the city of Vaughan, and why the Ministry of Municipal Affairs tends to treat municipalities, especially that one, in a different way than you treat, say as an example, the Catholic school board in Toronto. You went in, put in a supervisor, took over the reins. It appears to me—and I have some questions—that what the Catholic school board did pales in comparison to the shenanigans

of the city of Vaughan. Why has the ministry had a hands-off attitude to the city of Vaughan?

Hon. Jim Watson: Maybe you can clarify what the definition of "shenanigans" is, and give me some examples of what they've done.

Mr. Michael Prue: Surely. In 2006, a municipal elections audit showed that there were, I believe, 114 municipal audit infractions related to the election. The former mayor took \$180,000 without declaring where he got the money from in order to handle his court costs. You have \$14,000 in taxpayers' money used by the CEO of the city. You have \$13,000 in public funds that Ernst and Young talked about, by a spouse of a city employee working for an elected official. You have policies that have not been put in place. You have \$30,000 contracts given out to immediate families.

The list is enormous. That's what I call shenanigans. Why has the Ministry of Municipal Affairs done nothing?

Hon. Jim Watson: There are two different tracks you're going down. One is dealing with the Municipal Elections Act, and as you know, the ministry or the minister has no authority to intervene on these matters. The legislation is enforced by the courts, and I think as a former mayor you understand that. I also understand the city of Vaughan has formally filed charges against current members of council and another candidate under the Municipal Elections Act for violations identified through a compliance audit, which is part of the law. As these matters are before the court, it would be completely inappropriate for me to comment further.

As a government, the practice has been to review the Municipal Elections Act after every election, and that process is ongoing. If we bring forward any changes to the Municipal Elections Act, it would be done, obviously, before the end of this year. Last time, the only change we brought forward was the extension of the term limit from three to four years.

With respect to the fact that you believe the ministry has had a hands-off approach with this particular municipality, that is not the case. I believe Mr. Rinaldi listed the number of times that the ministry has met with staff. We do this with every municipality on an ongoing basis. We have regional offices throughout the province of Ontario.

Our staff have met with Vaughan on several occasions, particularly on October 1, 2008; January 23, 2009; May 21, 2009, as directed by myself; and August 25, 2009. We've had two conversations with the Vaughan city manager via the MSO regional director and several conversations with the city clerk in the past several months on municipal matters through the MSO municipal adviser. As a result, Vaughan staff regularly attends meetings and has engaged the ministry's staff in various discussions. Some of these events occurred on the following dates: April 18, 2008; August 8, 2008; January 23, 2009; March 6, 2009; and May 2009.

On an annual basis, my ministry reviews the financial records of all 444 municipalities, and this includes the municipal financial information returns—the FIR statements, which I know you're familiar with—and other

information that may be relevant to a municipality's current financial status. Should concerns arise from that review, which is done by our professional staff, we will employ established protocols that should involve, at a minimum, a telephone call or necessitate a meeting to discuss the issues at hand.

With respect to our review of Vaughan's 2008 financial information, we determined the following:

- (1) The city is in good financial health.
- (2) Vaughan's total reserves in discretionary reserve funds, per household, was \$2,601, compared to an average of \$1,430 for municipalities of similar size and status.
- (3) Vaughan's total cash and temporary investments as a percentage of municipal operating expenditures was 186.7%, compared to 119% for municipalities of similar status and size.
- (4) Vaughan has a working fund reserve of approximately \$23 million.
- (5) The city has also managed to maintain one of the lowest residential and commercial tax rates in the GTA, while maintaining the third-highest reserves per capita in Ontario and approximately \$500 million in investments.

Additionally, the city and the region have an excellent credit rating of AAA. Further, the city has instituted their long-range financial planning model, which articulates the city's long-term financial requirements.

You asked about the education situation and why a supervisor was brought in. Well, under the Education Act, which of course I don't have responsibility for, the minister has the power to direct an investigation into the financial affairs of a school board if:

—the financial statements of the board for a fiscal year, or the auditor's report on the statements indicate that the board had a deficit for that year;

—the board has failed to pay any of its debentures or interest on them, after payment of the debenture, instrument or interest is due and has been demanded;

—the board has failed to pay any of its other debts or liabilities when due and default in payment is occasioned from financial difficulties affecting the board; or

—the minister has concerns about the board's ability to meet its financial obligations.

Obviously I can't speak on behalf of Minister Wynne, but it appears that an investigation occurs when a school board is in a deficit position or can't make its financial or debt obligations. The measures that trigger an investigation are fundamentally different between the two ministries, and a comparison between the two is certainly not valid.

Our ministry is satisfied, through its means, that an investigation is not warranted in Vaughan. There is no question there were serious concerns raised by a number of citizens of Vaughan through the media and certainly through correspondence to me about the conduct of certain members of council or certain candidates and with respect to the Municipal Elections Act, those issues are being dealt with in a court of law and charges have

been laid. It would be inappropriate for me to comment as the matter is sub judice.

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Mr. Michael Prue: You have authority under section 9 of the Municipal Affairs Act. It gives you the responsibility to appoint an auditor or monitor—the power to direct a provincial audit of the financial affairs if 50 residents or more of a municipality request it. Are you satisfied that such an audit would reveal nothing of inappropriate spending or uncover any of the allegations that the citizens are making? I particularly ask this question because Toronto Life magazine had a scathing article this summer about what actually transpires in Vaughan.

Hon. Jim Watson: Yes, I read that, but let me just reiterate: I think the information I gave you with respect to the financial health of the municipality is quite clear, and while the act grants the minister the authority to direct a provincial municipal audit, and the audit would be paid for by the local taxpayers, into the financial affairs of the municipality or make an inquiry into the affairs of a municipality, it has been used only in rare instances and generally where broad provincial implications are involved and intervention may be considered. Now, based on our understanding of the municipality's financial position and practices that I outlined, these matters appear to be satisfactory, so therefore I'm satisfied it would not be appropriate to intervene in the financial affairs of the city of Vaughan given their financial record and the cooperation that they have shown to our ministry staff. Any time that we have asked for information it has been readily available to us. While a limited number of residents may have concerns about the function of the city of Vaughan or individual councils, the province recognizes Vaughan council as a duly elected and accountable level of government. If the people of Vaughan are not satisfied with their elected representatives, they have an opportunity next fall to deal with them as the democratic process lays out.

I think the other thing is that Vaughan actually has taken a number of steps on its own to deal with some of the concerns that residents, their own council members and staff have raised with respect to accountability and transparency. They've appointed an internal auditor who will review the operations of each city department on a scheduled interval, as well as investigate complaints and make recommendations on cost-saving measures and improvements to audit controls to ensure adherence to budget and spending policies.

As we've seen at other levels of government, when there is inappropriate or lavish spending on alcohol or food, that's not acceptable. I get angry at that, as a taxpayer, if I see it in my own hometown, and so should the residents of Vaughan. I think the members of council recognize that the spending of some members has been completely inappropriate. They've taken action, and ultimately, those people who are engaged in spending what some would consider inappropriate will be dealt with through the democratic process. But from a financial point of view, I don't think we can paint the entire

bureaucracy, the public service of Vaughan, with the same brush as a few members of council who perhaps were engaged in spending activities that most people would consider inappropriate. As I said, with respect to inappropriate activity during the election period, there is a mechanism in place for that and as a result of the charges being laid, it shows that that particular act does work.

Mr. Michael Prue: Given the allegations—and I'm sure your file is enormous, because I've received a few of them in blind carbon copies that have been sent to you, but I'm sure I've received nothing in comparison. Vaughan Watch, the citizens of Vaughan, were trying to monitor the situation. Given your understanding of the problems with the election process, given your understanding of the problems raised with the Ernst and Young report and other audit reports, I am absolutely puzzled why you and your ministry would announce that "Vaughan is a well-run city." This is attributed to you and to your ministry and put out in a glossy publication called the Vaughan Citizen News. The story, "City Well Run: Ministry," May 28, 2009. Did you make that statement?

Hon. Jim Watson: I did and I based it on the financial information that we had and that I read into the record. I think that when you look at Vaughan's 2008 financial information returns, any objective person would view that the inner workings of the finances of Vaughan are, in fact, in healthy shape.

Mr. Michael Prue: You didn't consider all the other things that are going on in making the statement that it's a well-run city?

Hon. Jim Watson: I believe the question was in the context of the financial stability of the city, and the financial stability is there. I don't have that article in front of me, but I also expressed in an editorial board with a number of newspapers that take in Vaughan and York region that, obviously, anyone would be troubled when you have this kind of animosity and conflict within a council and within a community, but you can't legislate politeness and good behaviour at a council meeting. We do have the tools at our disposal to ensure that if we felt there was any financial impropriety on the part of the budgeting process within the community of Vaughan then we could take action, but it's not required. We feel that the financial health of the community is in good shape.

Mr. Michael Prue: I didn't see a single other municipality where you wrote a comment, "This is a well-run city." Of the other 443, on how many did you pass a similar comment that this is a well-run city?

Hon. Jim Watson: Oh, probably, perhaps maybe a dozen different communities that I've visited, and when I'm asked in media scrums my thoughts on a particular community. I'm not often asked about whether a city is well run or not.

Mr. Michael Prue: Who asked you the question that triggered this announcement?

Hon. Jim Watson: I think it was a reporter from the Vaughan Citizen.

Mr. Michael Prue: The reporter asked you that question, and you made that statement?

Hon. Jim Watson: Yes. I think you're quoting from the Vaughan Citizen, if I'm not mistaken.

Mr. Michael Prue: Yes, that's where it came from, the Vaughan Citizen News.

Hon. Jim Watson: That's the newspaper that I did an editorial board with.

Mr. Michael Prue: How much time is left?

The Chair (Mr. Garfield Dunlop): You've got about three minutes left, Mr. Prue.

Mr. Michael Prue: Okay. You have said that you're satisfied it's a well-run city. You have said that any issues have to be dealt with by the courts and that your ministry is not going to be intervening. Is that basically the lay of the land that we can expect up until the next election?

Hon. Jim Watson: Well, unless there's some other information that's brought to my attention that would merit ministry intervention.

Mr. Michael Prue: Sorry, unless there's some other?

Hon. Jim Watson: This just in.

Mr. Michael Prue: She's just passing me something. I don't know what she's passing me. All right, I'll ask her question. She's suggesting that perhaps we need a provincial Integrity Commissioner. Do we need such an integrity commissioner for the city of Vaughan and any other municipalities that may find themselves in such a position?

Hon. Jim Watson: Well, we do have a provincial Integrity Commissioner—

Mrs. Joyce Savoline: Municipal.

Mr. Michael Prue: Municipal integrity commissioner, excuse me.

Hon. Jim Watson: Municipalities do have the authority to create the position of an integrity commissioner. In fact, Vaughan has hired a new integrity commissioner. They've also developed a new code of ethical conduct for council members, and their integrity commissioner was to address Vaughan council on October 5 regarding the code of ethical conduct for members of council. In fact, our government did institute, through changes to the Municipal Act, legislation that allows a municipality to create both a municipal auditor general, which was done in the case of my hometown of Ottawa, and an integrity commissioner, one of which I know the city of Toronto has just recently hired, and the city of Vaughan has hired one as well. So that, in fact, is already in place.

The Chair (Mr. Garfield Dunlop): You've got about another minute left, if you want to ask a quick question.

Mr. Michael Prue: In one minute—no I'll just pass rather than go ahead.

The Chair (Mr. Garfield Dunlop): Okay. Thank you very much to the third party. We'll now go to the government members; you've got 20 minutes. By the way, we'll adjourn at the end of this 20 minutes to go back to the House for question period. Okay, Mr. McNeely.

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Mr. Phil McNeely: Minister, thank you for being here today to inform us on issues around your ministry.

I attended the affordable housing session in your riding, in August, I believe, and you had an overflow crowd—we spoke to some of the people in the tent you brought in for the crowd. I was also at a consultation with the community with Madeleine Meilleur for Ottawa—Orléans and for Vanier just last Thursday. There's an awful lot of interest in the community and a lot of good ideas on where we should be going with affordable housing.

I know you work very hard and made it a priority for you to get the federal government back into affordable housing, and certainly the \$1.2 billion that the provincial government and the federal government have put in is very important. I think it's 4,500 new units or something like that plus an upgrade of 50,000 units.

Our communities are especially interested in what housing we're going to get. Accessibility—the handicapped were represented at that meeting. And the mental health group—proper housing is so important when you're dealing with mental health, and of course the homeless are part of the strategy.

The long waiting list: We go back to when I was on council from 2001 to 2003 in Ottawa; I believe that was when about 12,000 units were transferred from the province of Ontario to the city of Ottawa, and a lot of them weren't in that great a condition. Our investment in affordable housing, historically, hasn't been that great.

So now that you're getting the funding in place and developing, with community consultation, a long-term strategy, certainly the \$1.2 billion over two years is going to be extremely important to Ontario. How do you consider that the long-term strategy that you're developing—when will a report be out, by the way? When will that strategy be available? And what changes do you feel that's going to make in providing affordable housing in Ontario?

Hon. Jim Watson: Thank you, Mr. McNeely, and thank you for attending the Ottawa long-term affordable housing strategy consultation session. You're quite right: I think members would be interested to know that we were so overwhelmed with the number of people that wanted to come to the session in Ottawa. We had booked a church hall, Our Lady of Fatima church hall, which is on Woodroffe Avenue in Ottawa, and we had so many RSVPs coming in, we had to actually go and rent a tent to put outside the building in the parking lot because I think we had close to 250 people that actually came to that session. I certainly appreciate your attendance there.

I also want to thank you and Minister Meilleur, because I know a number of our colleagues—I don't know if our colleagues from across the aisle have done this—have also held their own consultations, which have gone very well, because we can only go to so many parts of the province. We had three sessions in Toronto, obviously because of the size of the city: two in downtown Toronto and one in Scarborough. We had sessions in small towns

like Lindsay and we had sessions in the north—Thunder Bay, Sault Ste. Marie and Sudbury. But obviously, going to 13 different jurisdictions around the province doesn't cover it all, so I appreciate that you and Minister Meilleur also took the time to have one in the east end—Vanier, the east end. For some of your constituents, perhaps it was easier for them to get to that one than coming to the west end at Our Lady of Fatima church.

The thing that I've enjoyed about the sessions is that we've had, I believe, over 1,000 people attend these 12 to 13 sessions over the course of the last several months. We started in January in Sault Ste. Marie. We've done the work internally, so we haven't hired consultants. We've kept the costs down. We haven't gone to fancy hotel rooms. We've used church halls, not-for-profit housing, rec centres—all accessible, of course. The reaction we've received has been overwhelming, with some very good ideas.

A couple of the things that we've heard consistently—not to pre-judge what's going to be in the report, because I'll explain that we have the next round of consultations starting in the next couple of weeks—is that the Social Housing Reform Act is particularly prescriptive and rather complex. We've also heard that there tends to be too many silos within the housing community even within the province of Ontario, because as you know, housing touches many ministries, and is not always as coordinated as we'd like. You have housing in the built construction part of my ministry, the supportive housing part of the Ministry of Health, and housing for the homeless in shelters as part of Madeleine Meilleur's ministry. You've got group homes, and John Howard and Elizabeth Fry funding in housing funded from other ministries. So I think there's a real desire that people would like to see better coordination of these programs, less duplication, and that's certainly one of the themes that I've heard time and time again.

We are also being asked to think outside the proverbial box and not simply go and say, "Well, this is going to cost us more money." All of the suggestions that we're hearing aren't necessarily costing more money. It's using the resources we have wisely. It's putting perhaps more emphasis on alternative programs, such as homeownership.

I was at a very nice event last night in Toronto, Home Ownership Alternatives, which is a not-for-profit corporation that was nominated for a very prestigious United Nations award. They were one of nine finalists out of hundreds of submissions that were sent to the UN for World Habitat Day, which was yesterday. They have a very successful funding formula, where we provide some funding, they work with banks and credit unions, and are able to provide literally thousands of individuals with what I think most people would consider one of the great Canadian dreams: owning a home. These are individuals with low or modest incomes, and with a little help from society and government, they're able to put together a financial package that makes homeownership a viable alternative.

There's a unit, I believe, in Ms. DiNovo's riding—I think it's on Keele Street—that is one of Home Ownership Alternatives' programs that's going to provide upwards of 744 affordable housing units, which are being constructed now. My parliamentary assistant, Mario Sergio, was out to view that site. It's very exciting, because it does two things: It gives that sense of ownership to an individual who perhaps would never in a hundred years have dreamt they would have been a homeowner; and secondly, it gets those individuals off the rental list and allows more people to come on to the affordable housing rental list in the province.

So we are now compiling all of that information. Our final public consultation session took place in Thunder Bay last week, and we are now going into the second stage of consultation, which is the stage where we seek out some expert opinions from different province-wide groups, like Habitat for Humanity, the Ontario Home Builders' Association, the Ontario Non-Profit Housing Association, landlord groups, tenant groups, anti-poverty groups, the Wellesley Institute. All of these individuals are going to be coming together. We're going to be picking their brains and asking them for their advice as we work towards putting together the strategy.

With respect to your question as to when this is going to be done, this in-depth consultation phase starts in the next couple of weeks and it will run, we suspect, till January. Then we will have probably four to five months to actually write the report, do further research and submit the report probably in the late spring of 2010. That's the timeline. As I said, we've been overwhelmed with the number of people who've shown up at these sessions, as well as people who can comment through our website. I believe it's ontario.ca/housing. I don't want to give you the wrong address for the record, but we'll get the proper website.

Mr. Fareed Amin: It's a backward slash.

Hon. Jim Watson: Backward slash. So it's ontario.ca/housing. People can submit online or get the information on how they can mail it to us as well at the ministry.

Mr. Phil McNeely: Thank you, Minister. I really enjoyed both consultations with the groups who are out on the front line on providing affordable housing. That was one of the questions I was asked: "What is the next stage?" I wasn't quite sure, and that puts it into proper perspective. So some time maybe next June, we will have that long-term strategy, and I think that's great.

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One of my interests with the Ministry of Energy and Infrastructure—it also has been a historical interest from an engineer's perspective—is in making all these units much more energy-efficient. We've found that in most homes, investments of \$10,000 repay themselves within three to four years for some items, and certainly under 10 years for most items. This is probably our best investment as homeowners, and that was my intent when I had my private member's bill on home energy audits and retrofits.

Dollars have flowed now from the Ministry of Energy and Infrastructure—I'm not sure how, but in any case—to various ministries to get their buildings and what they do, including transportation associated with, say, colleges etc.—colleges have come out with real leadership in this area. I've been at two or three presentations; they were here at Queen's Park about two or three weeks ago. It's non-profit, the college aspect, and they've got all the colleges working together. They've formed a secretariat that provides really good engineering knowledge to any of the colleges. When we're looking at climate change, when we're looking at reducing greenhouse gases, the actions we take, we like to benchmark them and be able to know if we are achieving the results we want.

Colleges, amongst all the groups—and they're already helping one major hospital—have developed an excellent system. I think you're looking at 50,000 units that you're going to upgrade in some way or another. What percentage of those upgrades will include energy retrofits? Has that been determined yet?

Hon. Jim Watson: We don't have a specific percentage, but we can tell you that of the funds available over the next two years—our ministry has set aside \$70.4 million with a specific goal of putting that money into renewable energy retrofits in the projects that we're working on.

I think you bring up a couple of good points, Mr. McNeely, and you're certainly well known in our caucus for pushing us in cabinet, and probably Minister Smitherman in particular. I'm sure he was happy to see you appointed his parliamentary assistant because you're just going to keep digging away at the fact that we have to do a better job in our built-form construction because I think all of us who live in a home or an apartment realize that over the years, not a lot of attention was paid to making the windows seal tightly.

I live in a new home. It's four years old. I'm the first owner of it. It was an infill project in my neighbourhood. I just noticed the other day that on a sunny day, I could see the light shining through the bottom of my door, and this is a brand-new home. I think we have an obligation, through the building code, which we're working on to make more energy-efficient, as well as through public expenditures and investments in housing, to do what we can to make sure that these homes for individuals are not sucking money out of the pockets of the government, the housing provider and the tenant through inefficient use of air-tight windows, doors, insulation and so on.

The other thing that I think we have to do—and our government is proud to invest in our college system; you mentioned the colleges. We have to get more skilled tradespeople into the system because, quite frankly, I heard the other day that the average age of a bricklayer in one jurisdiction is about 56 years. So as these individuals, through the baby-boom generation, go and retire, we don't have enough bricklayers coming in. We know what happens to the price of construction: The price goes up. It's just simple supply and demand.

Just to give you an example from your home community that you're very familiar with—I know you fought hard to get the funding for La Cité—La Cité is building a new skilled trades building to ensure that more students are excited about the skilled trades, but they're also doing it in the sense that they're providing state-of-the-art technology and equipment and training on LEED certification, as they are at Algonquin College.

I worked very hard to push the province to contribute \$35 million to the Algonquin College skilled trades building. We're doing the groundbreaking, I believe, this week. It will be myself and municipal and federal officials. The federal government came on board, after some prodding, with \$35 million. We're going to have a beautiful, state-of-the-art facility at Algonquin College that will not only allow 600 more skilled trades students through the front door as of September 2011, but also teach these individuals with the latest technology and with a certain special interest on energy efficiency, LEED certification—I believe the building itself will be a LEED-level building; I'm not sure about La Cité.

These are the kinds of things that we're doing from a holistic point of view to help combat greenhouse gas emissions, but also to save money. Sometimes people glaze over when we talk about GHGs and carbon emissions and so on. This is about saving money on your energy bill. If we can cut back energy consumption, it's not only good for the environment, it's good for the pocketbook. That's why we made a special emphasis with, certainly, the encouragement of Minister Smitherman, to carve out a portion of the money that we are going to spend to put it specifically for energy-efficient products.

I think the other thing that we've started discussions on with the home building industry and others in construction is, "What more can we do in the building code?" We do have, I'm told by experts, the most energy-efficient building code in Canada, bar none, which is something we should all be proud of in Ontario. But what else can we do to make it even more energy-efficient so that when we turn on our thermostat, that heat or that cool air is staying in your unit or your building or your house and it's not seeping out into the outside environment?

Mr. Phil McNeely: Excuse me, how much time have I got?

The Chair (Mr. Garfield Dunlop): You've got about two and a half minutes left.

Mr. Phil McNeely: Okay. I always like to hear from the minister about the dollars that flow to our city of Ottawa, because we do read press that suggests sometimes that the dollars are not fairly attributed to our city. I beg to differ on that, of course.

I'd just like to mention as well that experts would agree with that last statement you made that energy efficiencies should be driven by dollar savings, because those paybacks are very short. You're absolutely on: That's what the experts say. It's nice to say we're going to save our earth by reducing greenhouse gases, which is

extremely important, but the dollar will drive those savings as well.

If I could just have from you an outline of the dollars that have flowed to the city of Ottawa, that would be, I think, helpful, if I get that in Hansard. Then I can send that to various councillors who sometimes criticize our government. Could you provide that?

Hon. Jim Watson: On the housing funding or overall?

Mr. Phil McNeely: Overall funding for the city of Ottawa.

Hon. Jim Watson: Okay. Maybe I'll start with housing, and then I might have to finish in the afternoon. Or do you want me to—can I leave these, last minute, to the afternoon, Mr. Chair?

The Chair (Mr. Garfield Dunlop): Sure you can. Yes, if you want to. We're down to just a minute, anyway.

Hon. Jim Watson: Okay. I'll give you a minute's worth of affordable housing program dollars: \$6.7 million for 61 rental and supportive housing units under the social housing repair and retrofit program—this year, \$21 million, next year, \$26 million; the rent bank, \$368,000 in 2009, a total of \$2.7 million since the program started—that has prevented 1,643 evictions in Ottawa; social housing repair money of \$8.2 million; the affordable housing program, the AHP, \$42.6 million for 768 rental and supportive housing units; \$2 million for 205 homeownership units. So that gives you a quick summary with respect to housing dollars, Mr. McNeely, and I can certainly, in the next round, go over some of the other infrastructure dollars.

Ottawa has done very well with this government. I'm proud of the work that you and our colleagues in the Ottawa caucus have brought to the table, and look forward to highlighting those this afternoon.

The Chair (Mr. Garfield Dunlop): Okay, that cleans up that rotation. We'll recess for now, and we will be back here right after routine proceedings this afternoon, sometime after 3:30. The committee is recessed for now.

The committee recessed from 1020 to 1553.

The Chair (Mr. Garfield Dunlop): We'll reconvene the meeting. It's now the official opposition's turn. I'm going to relinquish—

Interjection.

The Chair (Mr. Garfield Dunlop): Go ahead, Mr. Deputy.

Mr. Fareed Amin: Mr. Chair, if I could be on the record, there was a question raised by Mr. Prue last week regarding the availability of information that may have been prepared for the minister regarding OPA 15 and 16 in the town of Bradford West Gwillimbury. That information, as you know, was prepared in response to a matter that was before the Ontario Municipal Board and therefore subject to litigation, and as a matter of normal practice, that information is confidential and is also subject to solicitor-client privilege. So that information cannot be made available to the member in response to OPA 15 and 16.

There was also a question regarding the timing of the sub-metering. The issue of sub-meters is the responsibility of the Ministry of Energy and Infrastructure. I think it was mentioned the last time that if tenants feel that the money should be returned to them, then they can apply to the Landlord and Tenant Board for a hearing in response to that charge. If their matter is before the LTB, it would be inappropriate for us to make any comment regarding those matters.

For the purposes of the record, I just wanted to get those two issues on the Hansard.

The Chair (Mr. Garfield Dunlop): Thank you very much, Deputy.

With that, then, I'm going to ask some questions to the minister and I'm going to ask Ms. Savoline to take the chair for a few minutes.

The Acting Chair (Mrs. Joyce Savoline): Mr. Garfield, you have 20 minutes.

Mr. Garfield Dunlop: Thank you very much, Madam Chair. Minister, it's great to have you here for the remaining nine hours of your time at estimates.

Mr. Michael Prue: And 17 minutes.

Mr. Garfield Dunlop: And 17 minutes.

I wanted to ask some questions today on not just provincial policies but also some things that are related to the county of Simcoe, the growth plan and things in that particular area. We were joking a little earlier before we reconvened. As someone who spent a lot of years in municipal politics, never planning on entering provincial politics, I often think of some of the neat stories and some of the things at the municipal level because it is the grassroots level of politics. Most people, or a large percentage of them, who work at the municipal level have other jobs, other incomes as well. We don't pay like we do here at Queen's Park; we have per diems, that sort of thing. I sat on the village of Coldwater council when I was originally elected in 1980 and we got paid \$1,200 a year, whatever it was.

Mr. Lou Rinaldi: Well worth it, well worth it.

Mr. Garfield Dunlop: We worked and we were very proud to participate. In fact, I always felt that as a municipal politician, particularly in a smaller-sized municipality, it was almost like being part of a service club or like being an elder at a church. You had a responsibility to your community and you did the best you could.

When I first got elected, it was at the end of the two-year term, so 1980 and 1981, and then we started the three-year terms and, of course, now we're into four-year terms.

We were talking earlier before we reconvened, and one of the things that I regret most is not having a diary because of some of the neat people you meet and some of the contacts you make—people you meet even today—that you were involved with. It's an interesting position to hold.

I think certainly municipal politicians look up to us at the provincial level, whether it's the Minister of Municipal Affairs or the Minister of Transportation. These are very key ministries. It seemed to be so simple back in the

early 1980s. The biggest challenge we had was going to a Good Roads conference and finding out what our road allowance would be that year. There weren't all these programs; we seemed to function. Today, it's very complex, and yet today I think it's safe to say that municipal politicians still look to the leadership of the provincial government, and the opposition too, to make sure that we can help in any way we can and to work with them.

I'll probably be asking most of the questions this afternoon, Minister, and a lot of the questions—I know that this ministry can't be in a silo. You're just so connected to all the other ministries, like infrastructure renewal, transportation, finance. Some of the questions you may not be able to answer directly, but maybe you can find out the answers for me and maybe we can have your input and your leadership so we can find out some of the things that are happening.

One of the things I would speak to for most of the municipalities in my riding—although two of them have transit systems—is the gas tax. The gas tax basically goes to any municipality with a transit system. In my riding, the town of Midland and the city of Orillia are the only two municipalities that really receive the provincial gas tax. I know just recently the federal member up our way did a photo op at an intersection that was built in the town of Penetanguishene with gas tax money and was bragging that they use it for all their different purposes.

1600

But I'd like to ask the minister, when you decided to go with the transit system—the municipality just received the transit—why did you pick that and not give all municipalities some funding? In a lot of cases, the transit system for rural municipalities is the roads and bridges. People rely on cars and trucks and they rely on purchasing gas. Some people in rural Ontario would never use a transit system of any kind. It seems unfair that some people in an urban situation may not even own a vehicle, but they get the benefit of the gasoline tax that was accumulated from people from all over the province as a whole. I wonder if we could start it on that sort of a debate or questions and just get your thoughts on that. Maybe there will be a better explanation for me down the road.

Hon. Jim Watson: Sure. Thank you very much, Mr. Dunlop. The answer is really quite simple. In 2003—it happened to take place in my riding of Ottawa West-Nepean—the then-leader of the opposition, Mr. McGuinty, announced a plank in the platform at Lincoln Fields transit station, which is just down the street from my constituency office and from where I live, and I was very pleased to have the leader in my riding. He announced our party's commitment that we would provide two cents of the existing provincial gas tax to those municipalities that have transit systems or those municipalities that were going to develop a transit system. Once it got off the ground, they would be provided with that money. So it was a campaign commitment that we made in 2003. We were very pleased that we were able to

fast track the full two cents about a year before we had committed to.

The gas tax has been an extremely beneficial help to communities that have transit, including those that may not have a full transit system but that have perhaps a transit program for the disabled or seniors. So you don't have to have a full-fledged transit system. I know in Pembroke, I believe, or Renfrew, there's the Handi-Bus or Para-Transpo—something like that. I know, for instance, that in the two municipalities that do receive gas tax in your riding, Orillia has received \$352,000 in one year, \$340,000 in another year and, in total, since the program came into effect, \$1.4 million. Penetanguishene received \$118,000, \$115,000, for a total, since the instigation of the program, of \$597,000.

I would point out that we have developed a number of unique programs specifically for rural Ontario to help with their infrastructure, understanding the fact that many small communities obviously don't have a transit system in place. So we have programs such as the RIII, which is a rural infrastructure program that was designated just for rural municipalities. The roads and bridges program was something that I spoke about earlier that benefited particularly rural communities because it was not based strictly on per capita funding, but it was also taking into account kilometres of roads.

So Tiny township, which—until I met you, I had never believed there was a Tiny township. I used to think people would always use that as, “Well, you know, like a little town, like a tiny township.” But there is a Tiny township; I look forward to visiting it some day. They received \$1.6 million in 2008 for roads and bridges money.

Simcoe county, of which you represent a good portion, has also benefited from a number of different government programs that have helped ease the pressure on that particular level of government. They obviously don't run a bus system in the county, but it has freed up money for other priorities. So Simcoe received \$5.5 million in Investing in Ontario; \$1.2 million in the MIII; \$1.9 million in social housing; their roads and bridges component was quite substantial, \$2.7 million; and their estimated net benefit by 2018 of the uploads is about \$23.5 million. In addition, they have received funding for the rent bank totalling \$1.1 million, staving off 683 evictions; \$10.1 million in social housing repair; \$6.2 million in ISF funding; and the list can go on and on.

The answer in a nutshell, Mr. Dunlop, is that it was a campaign commitment. It was very specific in our platform that it was just to go to support transit. While some have said, “Well, why don't you spread it around like the federal gas tax?” we are a government that very much believes in public transit and helping public transit, and that pie does not get any bigger. So if we were to start spreading the money out, you and I would have to be the bearers of bad news to those municipalities that have invested in transit, that need help subsidizing the transit program, by saying, “Oh, by the way, you're getting less money because we're going to give it to other muni-

cipalities that don't have transit.” So it was very much a philosophical position that we took and a statement we made in our election campaign, that we felt it was important to support transit. Literally hundreds of millions of dollars have gone out to transit systems, whether it's a big system like the TTC or OC Transpo in Ottawa or smaller systems like one or two buses for the disabled in a small rural community in eastern Ontario.

Mr. Garfield Dunlop: Thank you, Minister. I just want to give you a history lesson here—and this is a tongue-in-cheek kind of a lesson. The wife of our first Lieutenant Governor, John Graves Simcoe, had three poodles whose names were Tiny, Tay and Floss, and that's where the township of Tiny came from and that's where Tay came from. There was an old township called Floss, but it's now Springwater.

Hon. Jim Watson: You told me that; I remember that.

Mr. Garfield Dunlop: I'm sure you'll remember that from now on. It's important around the county of Simcoe that we remember that.

I appreciate your answer on that. I can tell you that we do hear it from rural politicians when they hear about Orillia—and you're right: Orillia got \$1.3 million or something in total over the last few years and they rolled out a brand new bus and some equipment like that. Of course, as soon as that sort of thing happens, the municipal politicians come onside and say, “Gee, it would be nice if we got some of that gas tax.” So I wanted to go back to the original thoughts on it.

Something that I want to get right to the beginning—this whole thing around the intergovernmental action plan for the county of Simcoe, the Lake Simcoe Protection Act and how it all fits together: I've gotten a number of comments from some of my mayors and council members of the municipalities in the county of Simcoe. One of the things that I'm most concerned about, as someone who brought in a private member's bill and a private member's resolution on Lake Simcoe, because I have over 100 kilometres of Lake Simcoe shoreline in my riding—the purity of the water in Lake Simcoe, the value to our tourism, just the fact that it's a jewel here in the province of Ontario. It's the largest lake in southern Ontario, or in southern Canada, basically. It's the largest lake other than, I believe, Nipigon.

I applaud everyone who supported the protection of Lake Simcoe. However, one of the things I'm really concerned about, through the intergovernmental action plan stage at the county and from what I've heard from environmental groups, including the Lake Simcoe Region Conservation Authority, is the fact that the way the Barrie-Innisfil plan is rolling out and the way the vision for growth in Simcoe county is working out, there's a very strong concern that the density of housing that will be built on the 2,400 hectares of land in the new city of Barrie—which comes into effect, I believe, on January 1—will have a negative impact on Lake Simcoe. My concern there is—and I'd like you to follow up—how we can be assured that if that legislation is going to go ahead, and I assume it will, there won't be a negative

impact on Lake Simcoe, and how we can be assured that the infrastructure money will be there for storm water management, tertiary treatment for the sewage treatment plant. How can we be assured that that won't have a negative impact on Lake Simcoe and sort of go in the opposite direction of the Lake Simcoe Protection Act?

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Hon. Jim Watson: I'll start off with a general comment, Mr. Dunlop, and Larry Clay, who is with the ministry and who's very knowledgeable on these issues, will follow up.

On the Lake Simcoe Protection Act—as you know, that's the Ministry of the Environment's responsibility, but it's all interconnected. I think you pointed out that a number of our ministries work hand in hand, particularly in Simcoe county. I realized early on, when I became Minister of Municipal Affairs and Housing, that Simcoe county was a challenge and a special situation, because there are some real growth pressures in your community.

You look at a city like Barrie, which I believe is one of the fastest-growing—if not the fastest-growing—cities in Ontario, if not the country. We felt there was a need, after close to three decades of chipping away at boundaries between Barrie and Innisfil, for some provincial support. We did try—because our philosophy is, “Let's try to get a local solution—and we did do our best with the Provincial Development Facilitator. My office and myself were involved in bringing the parties together—the mayors of Innisfil and Barrie, and eventually the warden of the county—and we asked them to find a local solution. But at the end of the day, we were not able to reach that solution. At one of the meetings I had with the mayor of Innisfil, I asked him point-blank, “If you were the Minister of Municipal Affairs and Housing, what would you do at this stage, given the fact that we have reached an impasse?” His words were to the effect that, “Well, I would impose a solution.” So the introduction of the legislation in June was our response to the fact that we could not find a local solution.

There's no guarantee that the land that is being proposed in the legislation is going to be developed to the full extent. I believe most of it is zoned agricultural land, so it would be incumbent on the municipality, namely Barrie, to rezone the land for housing, commercial or other use. Also, they would have to follow all provincial policies, including the Lake Simcoe Protection Act, and all of the policies of the government of Ontario would have to be adhered to before we would, as a province, allow any kind of inappropriate development on that site.

So I think the protection that I can give you and the guarantee I can give you is that all of the acts that we have in effect, including the growth plan, the provincial policy statement and the Lake Simcoe Protection Act, would all have to be adhered to. That was made very clear in the press event and questions and answers that we provided to the folks from the two municipalities, the county and the general public.

I'll ask Larry Clay if he would care to follow up on that.

Mr. Larry Clay: Thank you, Minister. That's more or less what I think I would have said as well, Mr. Dunlop. The only thing I might add is just to build on what the minister was saying about the proposed annexation act and the boundary. It is, under the proposed legislation, simply a boundary adjustment. The municipality of Barrie would then have to go through a comprehensive planning process for all those lands. That would involve public input and all sorts of considerations around servicing. As the minister said, those lands, as well as any other lands that are developed in the Barrie and Innisfil area, are subject now to the provisions of the Lake Simcoe protection plan.

So in terms of assurances of the development around those areas or that part of Barrie and Innisfil, those would be the assurances that we would put in place to ensure that development proceeds properly and the impact on the lake is minimized.

The Acting Chair (Mrs. Joyce Savoline): You have about a minute.

Mr. Garfield Dunlop: Okay. I'm going to get back to this anyhow, but in the last minute, I guess the concern I have is the other growth nodes in the county of Simcoe. I've got some concerns from—for example, Midland-Penetanguishene feel they've been left out of the equation.

However, I'm wondering if Barrie—when you see how comprehensive the Lake Simcoe Protection Act really is—can actually squeeze in these other 100,000 or 125,000 people that they suspect they might be able to put into that area if they're trying to follow this Lake Simcoe protection plan. It may in fact not work. There may have to be some kind of a storm water management treatment plant. I'm going sort of into the future here, because you know what? In the end, everyone's trying to say, “Well, we've gone all this distance with the Lake Simcoe Protection Act. We can't add 100,000 people and think that it won't have a negative impact on the lake.”

I know my time is up, but we'll get back to it maybe in the next round.

The Acting Chair (Mrs. Joyce Savoline): If you have a very brief answer, you may answer.

Hon. Jim Watson: I think maybe Mr. Dunlop indicated we could get back to it in his next round of questioning, because it's a big answer.

Mr. Garfield Dunlop: Yes.

The Acting Chair (Mrs. Joyce Savoline): Okay, then Mr. Prue, it's your turn for the next 20 minutes.

Mr. Michael Prue: Back to Vaughan. Okay. You said this morning that the citizens had the right, under the Municipal Elections Act, to make charges, and some of those in fact had been made, and that the citizens as well would have an opportunity in the next election to vote for someone else, although I don't think “vote for someone else” was part of your vocabulary. Do you really think that's the solution?

Hon. Jim Watson: Yes, I do. That's the great thing about a democracy: If people are not satisfied with their

elected representatives, other people always come forward, put their names forward.

Like anyone, you run on your record or you run from it. The counsellors and mayor obviously will run on their record and the public will decide whether they're worthy of re-election.

With respect to the issues of the financial management of the city, as I indicated to you earlier, Mr. Prue, it's our opinion that the management and the practices that have been put in place by the officials in the professional public service of Vaughan are adequate, and we're satisfied with those measures.

Mr. Michael Prue: The Municipal Elections Act: Have you any plans to change it?

Hon. Jim Watson: As I indicated earlier, we review the Municipal Elections Act after every election. If we were to bring forward any changes to the elections act, it would be done before the end of this year.

Mr. Michael Prue: A report on the 2006 municipal elections by York University professor Robert McDermid found that at least 50% of the 2006 municipal election donations in Pickering, Vaughan—and I underline Vaughan—Richmond Hill, Brampton, Oshawa, Whitby and Mississauga came from corporations and developers. You obviously are aware of that. Are there any plans to lessen that influence on municipal politics?

Hon. Jim Watson: Well, I can't corroborate those figures. I haven't seen that particular report. But I believe you and I are both entitled to accept money from unions and corporations, so I don't see why we would have a double standard with the municipal sector. I'm assuming you have accepted money from corporations, companies, business people, unions and activists. I think it would be rather hypocritical of us to have a double standard and to impose on the municipal sector rules that we don't have at the provincial level.

Mr. Michael Prue: Quebec and Manitoba have already led the way to outlaw that.

Hon. Jim Watson: Are you proposing a private member's bill to that effect?

Mr. Michael Prue: Oh, I'd go further than that. I would stand right here, now, today, and tell you: Do it. I'd actually stand up and cheer for you.

Hon. Jim Watson: That's obviously—the provincial elections act doesn't fall under my jurisdiction. But we are in the process of reviewing the Municipal Elections Act and if we are going to move forward, we would move forward with the intent of bringing forward any changes so that they would be brought in before the end of this year.

Mr. Michael Prue: Robert McDermid found out some pretty chilling things. Winners in the 2006 municipal elections, winning candidates, received 54% of their funding from developers, whereas losers received substantially less. In the cases of those cities, it was about 35%. It shows that taking money from developers is part of the way to win.

Hon. Jim Watson: Well, that's your conclusion. But at the end of the day, I'm not sure—we have pretty

severe limits at the municipal elections level as to what people can receive. The maximum donation to a candidate in jurisdictions outside of Toronto is \$750. I have great faith in the integrity of the men and women who put their names on a ballot for municipal elections. I don't believe it's fair to characterize these individuals as being unduly influenced by a \$750 contribution.

Some individuals unilaterally choose to not accept donations, but I've seen examples where people go through that and, quite frankly, it's a bit of a charade. They'll say they will not accept any money from corporations, but then, when you see their returns, you happen to notice that all of the presidents of different companies have given a personal cheque. Unless you happen to know who that person is, it's a lot less transparent than actually seeing where the company name is coming from. It's fine to say you're not accepting money from company X, but if you accept money from the president of company X and he or she takes it out of their own personal bank account, are they doing that for the goodness of the democratic process or because they're the president of company X?

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Mr. Michael Prue: You've hit upon my next question. I'm going to go back to Vaughan, and again, I'm reading here from the article by Chris Nuttall-Smith in Toronto Life. Here are a few examples from Vaughan: "The other problem with the \$750 defence," which you yourself just raised, "is that the smart developers in effect give far, far more than that. In 2006, Frustaglio"—who calls herself the acting mayor more times than not; that's my editorial comment—"took the maximum allowable campaign donations from Ada, Michael, Nancy and Romeo DeGasperi, double the allowable amount from Silvio DeGasperi, and \$500 from Angela DeGasperi." Money's simply spread around. Would you not agree that that's a problem with the Municipal Elections Act?

Hon. Jim Watson: I'm not quite following your logic because just a moment ago you suggested we eliminate corporate and union donations. If you do that, those individuals, as citizens in a free and democratic society, are entitled to provide the money.

I don't know who most of those people are and I don't know which companies they're associated with, so you'll have to explain to the public and to your colleagues here. Under your proposal, those individuals would be entitled to issue personal cheques, would they not?

Mr. Michael Prue: They are probably the biggest developers in southern Ontario. I am surprised the Minister of Municipal Affairs would not know the DeGasperi family.

Hon. Jim Watson: I've heard of them.

Mr. Michael Prue: Okay. Thank you. The next one is doing the same thing. Again, to quote from the report, "Councillor Bernie DiVona took five separate \$750 donations from companies associated with Maystar General Contracting (because the companies are not linked for income tax purposes, however, the donations were all legal), which soon became one of the finalists

for the contract to build Vaughan's new city hall. (DiVona and the rest of council, Jackson excepted, voted the month after that election to award Maystar the deal.)"

He took five \$750 donations and awarded a deal worth millions upon millions of dollars. Do you think that the act should be changed so that that can't happen?

Hon. Jim Watson: Again, I'm not prepared to impose on the municipal sector something that we don't impose on ourselves. I'd ask you, you were a municipal politician. Did you accept money from companies and unions?

Mr. Michael Prue: Did I?

Hon. Jim Watson: Yes.

Mr. Michael Prue: I followed the law in every case. I want the law changed.

Hon. Jim Watson: So you accepted money from companies—

Mr. Michael Prue: The time has come to change the law. I'm asking you the questions. The question is—

Hon. Jim Watson: So on the record, you have accepted funds—

Mr. Michael Prue: No, on the record, you take money from them too.

Hon. Jim Watson: Yes, and I'm not proposing to change the law—

Mr. Michael Prue: Yes, on the record, we follow the law, and I'm asking you to change the law. You are the minister and you can put a stop to this.

Hon. Jim Watson: And I've indicated that we're not prepared to do that and you've indicated that while a municipal councillor, you accepted money from developers, corporations and unions. That's fair business.

Mr. Michael Prue: I don't believe from developers, but maybe from corporations, yes. There's not much developing money in Toronto.

Hon. Jim Watson: Okay, that's fair. Let's get that on the record so people know.

Mr. Michael Prue: Okay. He goes on to write, "Linda Jackson received seven separate \$750 donations from development and construction companies run by members of the Gottardo family, plus five from members of Falvo-owned enterprises. She returned five of the Gottardo donations and four of the Falvo donations, once the drive for an audit of her campaign finances was under way."

He goes on to write, "More than 96% of Councillor Peter Meffe's campaign financing came from corporate contributors, most of those tied to development or construction. Mario Ferri managed to raise an impressive \$143,270—that's on a spending limit of \$117,920—"most of which came from development interests. All those \$750 donations add up. The average winning council candidate in the 2006 election raised \$53,000 in development money; the average loser raised only a fraction of that." That's just what's in the article. This is just the city of Vaughan.

The article goes on to talk about all the free gifts that are given out to the councillors and the mayor there. Perhaps the most chilling is part of the response in

quotation marks from the mayor, Linda Jackson. This is what she's quoted as saying in the article:

"Because the thing is that if you say, oh you can't accept it, a lot of times it'll go underground and people will accept things anyways."

"But at least the graft isn't as bad these days as it used to be, Jackson says.

"I know years ago, my mother, we used to almost have to get out there and direct traffic for the Christmas deliveries," Jackson says. 'It's really cut back.'

"To the office, you mean? Or to the house?" I ask her.

"House," Jackson answers. 'Most of the stuff goes to the house.'"

Hon. Jim Watson: Is there a question?

Mr. Michael Prue: Yes. The question is—you've read this article; you told me you did—what kind of changes, if any, are you going to make to the Municipal Elections Act that puts an end to this? People who read this must be livid.

Mr. Bob Delaney: On a point of order, Chair: I'd like to ask, while not passing any value judgement on Mr. Prue's concerns, whether or not this is within the scope of estimates committee.

The Acting Chair (Mrs. Joyce Savoline): The clerk and I were just having that discussion as you approached us. If there's a way to ask your questions, Mr. Prue, that moves it back to the line items in the budget, it would be helpful.

Mr. Michael Prue: To the line items in the budget: Is there any line item in the budget to put forward for legal opinions and others to change the Municipal Elections Act?

Hon. Jim Watson: As I indicated to you, we are in the process of reviewing the Municipal Elections Act, and if we are to bring forward any changes, they would be communicated by the end of the year.

Mr. Michael Prue: When you say the end of the year, the people can register as of January 3, which I believe is the first day—

Hon. Jim Watson: January 4.

Mr. Michael Prue:—January 4—that they are open following—the legislation would have to be brought in and I suppose it would have to be passed by the Legislature and become law before that date?

Hon. Jim Watson: Ideally, that would be the case, but there have been instances when the registration date has been pushed back—in 1997—because of changes to the act and governance structures. For instance, in Ottawa it was pushed back. But the ideal situation is to have any legislation passed prior to January 4.

Mr. Michael Prue: Today is October 6. That leaves but three months. It's reasonable to think that if you are making changes to the elections act, they must be well-progressed by this point. Is that a reasonable thing to assume?

Hon. Jim Watson: Again, I can't discuss what goes on in cabinet, but I've indicated to you that if we were to bring anything forward, I'm sure we could count on your good co-operation and that of the official opposition to

bring forward legislation. I can't prejudice what the government is going to do, but we certainly would give people due notice that legislation is being introduced.

The Acting Chair (Mrs. Joyce Savoline): You have about six minutes.

Mr. Michael Prue: I think I'm not going to get any more of the answers I'm hoping for on Vaughan, so let's try something else.

Landlord and Tenant Board hearings: Is the Minister of Municipal Affairs and Housing keeping an active interest in Landlord and Tenant Board hearings, and particularly those that are on the telephone?

Hon. Jim Watson: I'm obviously interested in the Landlord and Tenant Board. I don't take a personal interest in individual hearings.

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Mr. Michael Prue: No, not individual ones. But this is a relatively new change, a pilot program changing in-person hearings to telephone hearings in three regions in southwestern Ontario. Was this done for financial purposes? Almost all judicial and quasi-judicial hearings are conducted face to face in front of people. What was the rationale? Was there a financial reason for doing this?

Hon. Jim Watson: Partly financial, but the Landlord and Tenant Board, which is a quasi-judicial arm's-length organization of the Ministry of Municipal Affairs and Housing, piloted the use of telephone hearings in early 2009 to determine whether this approach would improve accessibility and timeliness of hearings. If a tenant feels that they would be seriously prejudiced by this type of hearing, they can write to the member and explain, and it's up to the member to decide how to best proceed, so there is an option. I did answer a similar question in the House a while ago indicating that members of the public did have the right of appeal to have an in-person hearing, and a member would decide that.

The pilot project has ended and the LTB is in the process of evaluating the results. It will be consulting with stakeholders before deciding how to proceed in the future, so I think it's incumbent on all of us to try new things to see if we can make the system more efficient, both financially and from a client or customer service point of view. They went through the pilot project. As I indicated, it has ended and the review is now being undertaken. Stakeholders are being asked their particular perspectives, including groups like legal aid and duty counsels and so on who have raised concerns about the telephone hearing.

We've also heard back from tenants who have been appreciative of the speed with which a hearing can be held because if you're in a remote area, you have to travel a fair distance to come to the closest centre where one of our LTB adjudicators has travelled to. It tends to be a lot more convenient for individuals who are in remote areas. If you're in a certain part, 100 kilometres away from Thunder Bay and Thunder Bay is the closest centre, and you can get a telephone hearing, people have indicated to me that that works better for them. If they do feel prejudiced and they want to be able to appear in front

of someone and lay out their papers and so on, they can. During this pilot project, they were able to bring that to the attention of the adjudicator and ask for an in-person hearing.

Mr. Michael Prue: How much money did this save the ministry?

Hon. Jim Watson: I don't know if we have the results—Deputy?—because the pilot just ended, so I think they're looking at what the potential savings could be as a result of the six or seven months that they did it.

Mr. Michael Prue: Is this going to be privileged information or can I ask for this?

Hon. Jim Watson: No. Once we have the information we'd be delighted to share it with you. They would probably factor in the travel costs of the commissioner and the hotel and so on, and give us an estimate once the report is back.

Mr. Michael Prue: Could you also provide me with the numbers of people who lost their homes over the telephone? I'd be very curious how many residents lost their homes over a telephone—

Hon. Jim Watson: How many people were evicted versus in-person?

Mr. Michael Prue: Yes.

Hon. Jim Watson: Sure.

Mr. Michael Prue: Because I think it's important to know that as well, how many people—the ultimate risk is to lose your home, and if you do it over the phone, it must be devastating. If we could find that out too, that would be more than interesting.

Mr. Fareed Amin: The only caveat I would say, Mr. Prue, is that if any of that—

Mr. Michael Prue: I don't want their names.

Mr. Fareed Amin: Okay.

Mr. Michael Prue: I don't want their names, just the numbers. Whether 10, 15, 50 people lost their homes over the phone.

Hon. Jim Watson: We'll put it in comparison to all other in-person hearings because I think that's important for you to judge whether it has been effective or not.

The Acting Chair (Mrs. Joyce Savoline): You have about two minutes.

Mr. Michael Prue: You said that this was a pilot; it's being evaluated. Is there a possibility or a probability that this program will be reinstated or expanded?

Hon. Jim Watson: I think it would be unfair to prejudice what the LTB is going to do until they've actually gone through the evaluation themselves. I think any reasonable person would assume that the individuals have not made a predetermined conclusion to what they're going to recommend in the report. That was the whole purpose of doing a pilot project as opposed to implementing it on a permanent basis, because they wanted to make sure—

Mr. Michael Prue: Are there going to be any other telephone hearings conducted, pending finalization of the report?

Hon. Jim Watson: Deputy?

Mr. Fareed Amin: What we're doing right now is evaluating the pilot, Mr. Prue. I think in the interim, before we restart the program, we have to evaluate whether or not the program was a success. Once we have done that evaluation, we'll then decide whether or not to restart this program.

Just one other point to emphasize the minister's response: If anyone feels that we are prejudiced by having a telephone hearing, then they can apply to the member for an in-person hearing.

I should also add that we're looking at other ways of ensuring that we get to the hearing faster. We're looking at using webcast as well as video conferencing. The intention here—as you know, the waiting period to get a hearing at the LTB is about three to four weeks, which is considerably shorter than most other tribunals in Ontario. I think that has been the result of continuously looking at ways to improve the service that we provide to landlords and tenants, because we realize this is an important service, and we needed to make sure that we increase our ability to deal with these matters in an expedited way.

The Acting Chair (Mrs. Joyce Savoline): Your time is up. Mr. McNeely.

Mr. Phil McNeely: Minister, I think we were talking about funding to Ottawa, the historical funding that we've received there. You went through the housing part, but I think a lot of the dollars came through the gas tax and other major inputs over the last few years, and Ottawa has done quite well. I'd just like to have those on record, if you could do that.

Hon. Jim Watson: Certainly. We left off with the investments in housing. Infrastructure investments: Transit infrastructure investment, since 2003, Ottawa has benefited to the tune of \$512.5 million; Highway infrastructure, \$282.5 million since 2003. I know that in the east end you have been a great defender and fighter for fixing the split between the 174 and the 417 which causes great frustration for most of your residents coming in from the east end and working downtown. You've been successful in securing funds from the Ministry of Transportation to start the process to alleviate that with your work with the city and Hunt Club. Municipal roads and bridges, \$47.5 million since 2003: One of the projects that's being funded through the federal-provincial-municipal infrastructure is in the riding of Nepean-Carlton, the Strandherd-Armstrong bridge. I want to commend councillors Jan Harder and Steve Desroches, who've certainly worked very hard to get that funding, and also to Pierre Poilievre and John Baird, who came to the table with federal funding. That's going to be a great help to the people in Barrhaven and Riverside South. I was pleased to be making that announcement on behalf of the provincial government.

Under the MIII funding, the city applied for and received 100% of its allocation of \$20 million. That's for a new city of Ottawa library archives building. This is desperately needed to protect our history and our past because, as you may know, the current city of Ottawa archives is in the old city hall at 111 Sussex Drive. The

federal government built that building, and they've been good enough to keep us in there with the archives for some time, but they're telling us we have to move out. This beautiful new building, the groundbreaking, I believe, is within the next week or so or next couple of weeks, and it's going to be located very close to Algonquin College in the city's west end.

The Investing in Ontario Act saw \$77.3 million, and I was pleased to make that announcement with you, Mr. McNeely, and municipal officials in the east end and councillor Bob Monette. Our colleague Yasir Naqvi was with us as well. Of that funding, the city is committed to spending about \$33 million on cleaning up the Ottawa River, which I know you and I have both expressed great concern about, because unfortunately again this year, one billion litres of raw sewage have gone into the Ottawa River.

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We were the first level of government at the table with funds to help the city develop a plan. My concern has always been that the plan may be a good plan, but it seems to be taking an awful long time to implement it, and as days go on, more raw sewage goes into the Ottawa River.

They've also committed to providing a portion of that money for transit and a portion to social housing. I was certainly very appreciative of those commitments that the city made on the Investing in Ontario money.

The infrastructure stimulus fund: to date, over \$125 million. I know that projects like the Shenkman Arts Centre in the east end—which you were a great supporter of, Mr. McNeely—benefited to the tune of about \$2 million in provincial funding, that beautiful new arts facility you and I had the opportunity to attend the opening for just a few months ago. That's going to be great for the development of that part of Orléans as well as the arts community in the east end.

On the overall uploads, as a result of the ODSP, OW and ODP, the city of Ottawa will see a net benefit of \$122 million when all of the uploading takes place over the course of the next several years.

I also want to point out that we were the first government at the table to help provide funding for the light rail proposal—whichever proposal the city eventually lands on—of \$200 million. That money has been booked, going back to 2004.

Above and beyond our responsibility from a municipal point of view—dollars don't just go to the municipal sector; they go to other initiatives as well. We have provided funding, for instance, for the convention centre in the city of Ottawa—tens of millions of dollars; homelessness prevention and hostel program funding of \$12.6 million; affordable housing programs—I've talked about those; the OTCA, Ottawa Tourism and Convention Authority, tourism marketing of \$200,000; education, numeracy, literacy funds; as well as significant investments in other public infrastructure such as hospitals—the Montfort, the Orléans health hub in the east end, the Queensway Carleton Hospital cancer centre, the Ottawa

Hospital expansion of their cancer centre; colleges, universities—La Cité, Ottawa U, Carleton University and Algonquin have all benefited from stimulus funds.

You've been at most of the east end events. I've done the events in Centretown and the west end with colleagues Madeleine Meilleur and Yasir Naqvi.

It's a significant list of dollars that have gone into projects. I put together a little chart that gives an idea of how much new money has gone in, both operating and capital, over the course of the last several years, since we had the honour of forming government. If you look at the chart, it shows that in 2003 there was about \$14 million in ongoing funding. That figure has gradually gone up to the tune of about \$79 million in ongoing and \$172 million in infrastructure in 2008.

If you look at overall provincial assistance funding, both ongoing and one-time, ongoing funding in 2003, as I mentioned, was at \$14 million; in 2004, it was \$20 million; 2005, \$29 million; 2006, \$47 million; 2007, \$73 million; and 2008, \$79 million.

One-time funding: 2004, \$200 million, which was the light rail; \$94.5 million in 2006; \$7 million in 2007; and \$172 million in 2008. The total support for the city of Ottawa since we've had the honour of forming government is \$251 million. An additional \$51.4 million by 2011 will represent the uploads from the fiscal review at that point.

It's a significant amount of money. I only wish I had received that kind of money when I was on council back in the 1990s, because we had things happening the other way, unfortunately. There were cuts to our transfer payments.

I think we've turned the corner on the relationship between the municipal sector and the provincial government. There's a greater sense of co-operation. We have a memorandum of understanding agreement with AMO. We meet on a regular basis. We're meeting this Thursday with the leadership of AMO. We have a similar program with the city of Toronto, and it's working. It allows us to talk to our colleagues, inform them of things that are coming up and not to surprise them with decisions that we've taken or are about to take that are going to have a direct impact on the municipal sector.

Mr. Phil McNeely: I think, Minister, that sums up pretty well what I've participated in with you in the city of Ottawa. I think Mr. Khalil Ramal wants to ask his questions now.

Mr. Khalil Ramal: Thank you, Phil. I'm not sure how much time I have.

The Acting Chair (Mrs. Joyce Savoline): Ten minutes.

Mr. Khalil Ramal: Thank you, Minister. As you know, the affordable housing issue is dear to my heart. Recently, I listened to a report released by the CBC, I believe, about Toronto. The report says that people in Toronto—new families and start-up families—cannot afford any more to live in Toronto. Toronto will only be for seniors and well-established families because there aren't enough affordable homes being built in Toronto. I

know you are investing \$1.2 billion in this area, plus a lot of supplemental support for many different units across the province of Ontario, especially in Toronto.

I'm wondering how you are going to work with the city of Toronto and big municipalities like Toronto, especially when, as you know, many immigrants, when they come to Canada—half of that number comes to Ontario, and more than 54% of newcomers come to Toronto for some reason, because they think it's a big city and they can find a job or they can meet with their community members.

I'm wondering, Minister, if you are working with different municipalities to attract many newcomers to go and move to different municipalities by providing maybe affordable homes or having a special program for them. I think it will be important for the city of Toronto to release the pressure on the demand in Toronto and also allow for many different municipalities in Ontario who are lacking enough people moving to them or do not have enough population to support their tax system. I've had the chance to visit many small municipalities. They all complain about not enough people living in their communities or that they're losing a percentage of their population on a regular basis.

So I'm wondering if you have talked with those municipalities and if you have a special program for them to allow them to attract newcomers to live in their communities.

Hon. Jim Watson: Thank you very much, Mr. Ramal. You brought up a number of good points. One of the issues that you've dealt with, with respect to the location, relocation of new Canadians or landed immigrants, really falls under Minister Chan's responsibility, so I don't want to step on his toes on that.

But I can tell you that we obviously are aware that particularly the large urban centres act as magnets for new Canadians to come and locate. Toronto, obviously, is the biggest centre in our country and our province, and we work very closely with Toronto Community Housing, with the city of Toronto, the mayor—I have a very good relationship with Mayor Miller.

I just wanted to maybe give you a little rundown of some of the funds that have gone into Toronto as a result of the affordable housing programs. The AHP extension, which we signed with the federal government in 2009: So far, we've allocated \$4.4 million for 44 rental and supportive units. Social housing renovation and retrofit program: This year, the community will receive \$98.6 million, and next year, \$121.4 million.

You may recall there was an article that was quite disturbing in the Globe and Mail some time ago that showed that there were 50 units of Toronto community housing that were completely uninhabitable because they were in such bad shape, and probably another 200 to 250 that were close to being taken off the market for all intents and purposes because they were not in very good shape.

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So we made a decision, and the Premier announced it with Deb Matthews and I a few months ago, where we provided \$100 million to communities in 2008 for social housing repair. This is the first time in years that social housing repair money had been released, and Toronto's share was \$36.5 million. We did that, and some critics said "Well, that's not going to build any new housing." No, but it will repair some of those units that, in essence, are not even on the books because people can't rent them because they're in such bad shape; the kitchens are a mess, there's mould and so on. So we felt that housing repair should be an integral part of our strategy, and that \$36.5 million—I remember going to various projects around the city and visiting other municipalities like Mississauga and Ottawa and seeing first-hand, certainly I've been in Cornwall and I've seen it in London—that housing repair money is very much appreciated, because as I said earlier, a lot of these units are showing their age; they're 40 or 50 years old and they weren't built with the best materials, in many instances, at the time.

The city of Toronto has also received \$1.5 million in 2009 for the rent bank and to date has received close to \$8 million, preventing 3,820 evictions. Under the AHP program, which was the program signed by the previous federal government and our government, \$141.5 million was allocated to create 2,930 rental and supportive housing units, \$27 million for 1,300 housing allowance units, and \$11.2 million for 859 home ownership units.

I would, if you'd allow me, Mr. Ramal, also include the London numbers because I know that's near and dear to your heart and you were kind enough to host me at our housing consultation in London at the Optimist Community Centre, which I remember attending when I was Minister of Health Promotion and we were able to help expand that wonderful community facility. Under the AHP extension program in 2009, London will receive \$2 million. In the renovation and retrofit program this year, they have received \$8.4 million, and in 2010-11, \$10.4 million—that's the 50-50 cost share between ourselves and the federal government. It's interesting, I think, for all members to realize that this is a 50-50 cost-sharing. We're not requiring the municipal sector or the not-for-profit sector to provide one third of the funding. So the municipal community is very appreciative of the fact that they're stretched in many instances because of the infrastructure program and the RInC program. Our program is a 50-50 cost-sharing and that's worked out very well.

In the rent bank this year, London received \$188,000 for a total, since the program was implemented, of \$754,000, and it's prevented 440 evictions; in social housing repair money, \$3.3 million; under the AHP, which was signed by Minister Fontana, who represents London, \$20.9 million for 455 rental and supportive housing units, \$1.1 million for 72 housing allowance units, and \$927,000 for 106 home ownership units. So it's a significant amount of money and we certainly have that commitment for this year and next year with the

federal government. That money has been earmarked on a notional basis and we will be going through various waves of applications; we've gone through two waves and there'll be a third and a fourth to get that money out the door over the course of the next two fiscal years.

The Acting Chair (Mrs. Joyce Savoline): You have less than two minutes.

Mr. Khalil Ramal: Thank you, Minister. I know you attended the affordable housing meeting in London and even though it's \$1.2 billion, one of the biggest investments in the history of this province, some people claim it's not enough. I'm wondering, Minister, how you can support municipalities to meet their demands for affordable homes and also make sure that transparency and accountability are in place?

Hon. Jim Watson: Well, you know, it's the lot of our lives that we often never measure up to the activists' or the public's expectations. They want more than what we can afford. That's why the long-term affordable housing strategy is not just about money; it's also about changing the rules, making the policies and programs simpler, so that individuals are spending more time building and working to build houses as opposed to filling out paperwork. We are confident that we're going to come up with a balanced approach in our long-term affordable housing strategy, and one that's affordable.

I think when the Premier established the fiscal review with the municipal sector, he told us very clearly, "Make sure it's a consensus-based report and make sure it's an affordable report to both orders of government." I believe we accomplished that with the document, which I'm very proud of.

Our job as legislators, and my job as the minister responsible for housing, is to ensure that we continue the progress we've made in the last two years with the federal government, and to work in a spirit of co-operation with the federal government to ensure that housing remains on their radar screen, not just for economic stimulus but because it's good public policy, and because from a compassionate point of view, we should be doing everything we can to ensure that people have safe, decent, affordable housing to live in.

The Acting Chair (Mrs. Joyce Savoline): Thank you. Your time is up. We'll turn now to Mr. Dunlop.

Mr. Garfield Dunlop: If I could, Minister, I'd like to go back to where we were at the end of the last round when we talked about Lake Simcoe protection. I guess why I'm really concerned about this is—I know you've got the vision for growth. But if I can just back up for a moment, I understand at some point the Ministry of Municipal Affairs and Housing had to do something about Barrie-Innisfil or the growth of Barrie issue. I can tell you as a fact that when we restructured the county starting in 1988, 1989 and going through to about 1992, and we had committee meetings etc., even then it was a huge issue. I recall Orillia and Barrie were actually kicked off the committee. I don't know if you folks remember that. It'll be somewhere in your records, though. They were vocal at the county meetings and, in

the end, were asked to leave the committee. So it just left the restructuring of the county of Simcoe amongst its own municipalities. I remember voting on that in a recorded vote, and Janice Laking, the mayor of Barrie, who's someone I respect a lot—I was the only one who supported keeping Barrie and Orillia at the table because I knew we would come to the day when we'd have a piece of legislation at the House, and that's what we have today. So I think we might have been able to resolve that whole issue if we had worked a little harder 15 years ago. However, those days are gone and we are where we are today.

Lake Simcoe protection: At the provincial level, the municipal politicians and the conservation authorities—we're under a lot of scrutiny on this, because we hear from builders, we hear from homeowners, people who have a little stream through their property or a vacant lot somewhere or a dock they want to build. The Lake Simcoe conservation authority is dealing with those issues on a very strict basis. People complain to me that the planning's too long, that it takes too long to get approval to do something. So you can understand, if you put another 100,000 people on 2,400 acres, the scrutiny that the general public, environmental organizations and everything will look at as we move forward.

I know the city of Barrie is built out basically to its quadrants now, to its limits, but how many more people do you expect under the growth plan will inhabit Barrie? Are we talking about 120,000, 130,000 people? I've had some discrepancies with the numbers I've actually seen in the IGAP and in the plan for the future.

Hon. Jim Watson: Let me just offer a comment on the Barrie-Innisfil situation, and Mr. Clay will comment with respect to the Barrie numbers. We're forecasting in Simcoe 75,000 new jobs in the area by 2031. Mr. Clay can give you some residential population figures.

1700

But I just wanted to quote two individuals here on Barrie-Innisfil, because you've lived in that area, you've seen the skirmishes back and forth. As I said, there'd been, I think, seven or eight different annexations in Simcoe county.

One councillor in Barrie, Barry Ward, was quoted in the Innisfil Examiner. He said, "We firmly believe the time for a local solution is passed. It's been on the table for eight years and we are no closer to a local solution than we were at the beginning..."

And then Dr. Terry Ruch, of the Barrie Equine Clinic, said of our solution, "It's common sense. Now, all the parties—my neighbours, Barrie and Innisfil—can all move forward and plan for the future."

One of things that the business community and those people that want to build homes and create jobs in Simcoe county need is stability, predictability and reliability. Unfortunately, with this ongoing battle between Barrie and Innisfil, and with county engaging itself in the mix, there was no predictability, stability or reliability because people didn't know what the end result was going to be. If we had left it to the very end and had

not intervened, I could tell you right now, it would be 20 years and we'd still have no solution.

Your colleague, Julia Munro, said: "It was clear the minister wanted a local decision. That's what the goal should be..."

"Local decision-making and local accountability are more likely to be in the best interest of both sides..."

I agree with her 100%. But after three decades and no consensus, we could bring this to the UN and we wouldn't find common ground. There were polarized positions and we felt it was time to move because—you know, the new president of the Ontario Home Builders' Association is from Barrie. He and his colleagues, small builders—not big builders, small builders—were facing the risk of basically going out of business because while Barrie was the designated growth node, they had virtually no land left. You can talk all you want about intensification and in-fill, but at some point that evaporates and we felt it was important for us to move on that particular issue. As I said, our philosophy has been let's try to find local solutions, but we couldn't.

I'll ask Mr. Clay to give the projected employment figures, I guess going up to 2031.

Mr. Garfield Dunlop: Actually, population figures too, if you've got them.

Mr. Larry Clay: Mr. Dunlop, I'm looking at the Ministry of Energy and Infrastructure's Simcoe Area: A Strategic Vision for Growth. That's the document where the proposals from the province are for Barrie and all the other municipalities within the Simcoe area. This document proposes that Barrie's population would go to 210,000 by 2031 and its employment would go to 101,000 jobs by 2031.

Mr. Garfield Dunlop: Thank you very much. That's saying that if that land they acquired, the 2,300 and some hectares, was built out, that's what we could put in there, roughly. I'm not trying to argue, I'm just saying that I suspect that with the environmental concerns, this is not going to be an easy sell on some of the proposals. I think the expectations are very high with the fact that we have the Lake Simcoe protection plan in place and growth will be environmentally sensitive, and we'll look very, very carefully at that because there may well be some areas where we have a problem.

That takes me then to the other growth nodes. I've got a couple of questions that I was just want to read into the record from the mayor of Penetanguishene and the mayor of Midland. Midland and Penetanguishene have been left off the growth plan as a growth node. They've got very, very limited growth in that area, and they're quite concerned and feel that they've been left out of the whole picture. I wanted to read—it's not a derogatory thing; these are just questions to you folks. I'll read it here:

Questions regarding the Simcoe area strategic vision: Mr. Minister, the towns of Midland and Penetanguishene were not identified as an urban node in the Simcoe area strategic vision document. The towns have jointly requested that a single urban node be designated in the proposed amendment to the growth plan. When the

proposed amendment to the growth plan is circulated to your ministry and when the amendment comes before cabinet, can the towns expect to have your support for the designation of Midland-Penetanguishene as an urban growth node?

Mr. Minister, the change in the planning landscape brought about by the Simcoe area strategic vision released by your government on June 4, 2009, has created a level of uncertainty around the planning system in the Simcoe area. It is difficult, if not impossible, for municipalities to conduct any logical planning program by the June 2010 deadline. Can you tell me when some level of certainty will be brought back into the system, and when you will be in the position to approve the county of Simcoe official plan?

Local municipalities in my riding have expended considerable public money advancing their planning programs in conformity exercises on the basis of the approved growth plan for the greater Golden Horseshoe and the adopted county of Simcoe official plan. The Simcoe area strategic vision and the proposed changes to the growth plan make much of the current work completed by these municipalities to a great extent redundant. Mr. Minister, will the province assist these municipalities financially, in light of the significant uncertainty that the government has created with the release at such a late date of a Simcoe area strategic vision?

I'm not expecting you to answer that today. I was going to give it to you as a question, and you can get back to us at another point. They've actually just had an announcement of a new sewage treatment plant in Penetanguishene; Midland has a state-of-the-art sewage treatment plant, new water system, and so has Port McNicoll, which is adjacent to it. There's a huge project planned with a company called Skyline International for Port McNicoll. They just feel that something is missing here and that they have been left out of the planning. Maybe it wasn't sold properly in the first place. Maybe you could comment on it as well. It is a concern in Simcoe North and it's a concern of these municipalities as well, and we'd really appreciate your support as we move forward with it.

Hon. Jim Watson: Maybe a couple of things, Mr. Dunlop: We'll certainly be pleased to relay those questions to the Ministry of Energy and Infrastructure, as they're the lead with respect to the document.

I can tell you, though, that when I was meeting with Minister Smitherman and discussing this issue, there was a real sense that the county of Simcoe perhaps didn't do as good a job of controlling the debate or the growth plan themselves, and that was one of the reasons why the province has intervened.

When you go and start giving growth to whoever asks for it, that's not a growth plan, that's not controlling urban sprawl, and it's not good public policy. While it might be politically popular to have lower-tier municipalities come and say, "We'd like this and we'd like that" and the county agrees to it because the county is made up of lower tier, you have to be able to put in

place a plan that is going to survive the test of time and good planning principles. What we've tried to do with our best advice and advisors is put together a growth plan that we think is attainable, is environmentally sound and is economically sound, but also that's predictable, because as you pointed out, these municipalities need to know where they stand on a go-forward basis. The primary responsibility for the issues you've raised fall to the Ministry of Energy and Infrastructure, and if you give us a copy of that letter from, I believe the mayor—is it the mayor?

Mr. Garfield Dunlop: It came through the planning department for me to ask questions here today.

Hon. Jim Watson: Sure. We'll be happy to forward that to Minister Smitherman, and I'll ask Mr. Clay if he has further comments.

Mr. Larry Clay: I think that's quite fine. The only thing I would add, Mr. Dunlop, is that over the course of the summer, I believe, municipalities and others who had comments on the strategy were invited to submit those, and I know that Midland-Penetang has already submitted those; they've spoken to staff. We've met with them, as well with others, along with the Ministry of Energy and Infrastructure, which have the lead on this. We've been working with them, and we're certainly aware of those concerns.

Mr. Garfield Dunlop: I wanted to point out, too, that when they put this plan of an urban node together, I take them with a lot of sincerity.

I'm not sure if you're aware of it or not, but we don't have a conservation authority in that particular area; we have an environmental association. That environmental association was the first of, I believe, 35 hotspots on the Great Lakes to be recognized as an area that had done its work and cleaned its act up. They are very, very environmentally sensitive and conscious of how they might have an impact on Georgian Bay. I have a lot of faith in these two municipalities.

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I would appreciate it if you would pass it on. Any time they can meet with you, or we can meet with the Ministry of Infrastructure and Energy, we're more than happy to do that, because they just feel they haven't got enough growth for the 30-year plan.

Have I got any time left?

The Acting Chair (Mrs. Joyce Savoline): You have six minutes.

Mr. Garfield Dunlop: Oh, okay. The other question is a question I got this morning from Mayor Stevens, city of Orillia. Again, it probably has more to do with—well, I'll read the question. It's either the Ministry of Energy and Infrastructure or it's yourselves—and I think you've all met Mayor Stevens. He's been around politics for the last 30 years. He says that this is his last term; I'm not sure if it is or not. He'll likely run again.

Hon. Jim Watson: We want to get that MURF built up there.

Mr. Garfield Dunlop: Well, no, he's moved on from that. We're more interested in Lakehead University right now. That's our next proposal.

Hon. Jim Watson: Well, I gave him money for the MURE, so I want him to spend it on it.

Mr. Garfield Dunlop: The question is from Mayor Stevens: Does the minister intend to work very closely with the identified growth areas in the county of Simcoe, and what are the future expectations from the growth municipalities as far as your ministry is concerned? I don't know whether that's just too broad a question—or is it something you can actually answer or something I should pass on for you to answer him directly? I mean, he's just saying, what is expected now as we move forward in the next 20 years with these growth areas, as far as their own expectations? And those are the areas outside of the city—Barrie is too, of course. Orillia was one of the municipalities that stayed with the county. It was kept separate from the city of Barrie.

Hon. Jim Watson: Mr. Clay?

Mr. Larry Clay: Thank you, Minister. I think, Mr. Dunlop, if the strategy as currently proposed—or once the Minister of Energy and Infrastructure makes a decision on that and puts it into place, he'll probably make an amendment to the growth plan if he wants to make changes, which would then subsequently be translated into policy at the local level. In the case of Orillia's situation, they have an official plan, so the city of Orillia will move ahead with a new official plan, a land use plan, which would accommodate and incorporate those elements of the growth strategy. In terms of population numbers, they would then be in a position where they could translate their official plan into how they are going to accommodate that growth.

In each municipality's perspective, once you've got an official plan, then that starts going into infrastructure: How do you service those lands? What kind of sewer and water treatment facilities do you need? Recognizing other pieces of legislation, what sort of transportation aspects, cultural aspects, your recreation—all of the elements that go into making a community are now able to go forth with some certainty. So it basically allows a municipality to proceed, as it should, once the planning framework is set, to do what it thinks is best for its community within those planning frameworks.

It really addresses some of the issues that have been outstanding for the last little while and allows them, with some certainty, to now move ahead with their own plans.

Mr. Garfield Dunlop: Thank you, and—

The Acting Chair (Mrs. Joyce Savoline): Two minutes.

Mr. Garfield Dunlop: Okay. Just a couple of things to flag: For this ministry, when you're dealing with the cabinet table or interministry types of discussions, all of the municipalities have voiced a concern with—and I'll read. This is one from the Oro-Medonte council, and they're saying, "Underserved area programs in Simcoe county." I'll just read their comments onto the record:

"The proposed changes in the Ministry of Health and Long-Term Care physician recruitment incentive policy will negatively impact local municipalities. Would the minister ask his colleague the Minister of Health and Long-Term Care to reconsider the proposed policy changes associated with encouraging physician recruitment in the underserved areas?"

Apparently we're going to have quite a battle with that, because in Simcoe North, for example, we have underserved physician recruitment areas: one in the Midland-Penetanguishene area, one in Orillia and area, and one in the Barrie and Oro township area. There are constant efforts to attract physicians to the area. I think there's something like 40,000 people in Simcoe North who don't have a family doctor.

The other question is on the ORC, the Ontario real estate lands. For example, we've got the Huronia Regional Centre in Orillia which is now empty of clients, and we have the Edgar occupational centre from the past. The Edgar occupational centre is falling down. There seem to be these barriers put up between ministries, and if we could get better co-operation, we might be able to get a sale of that property and have some of the demolition of the older buildings and move it to something more positive for economic development in the area as well.

The Acting Chair (Mrs. Joyce Savoline): You have time for a very quick answer.

Hon. Jim Watson: Okay. Certainly, with respect to physician recruitment and underserved areas, I know that—if you provide us with that material, I'll pass it along to the Minister of Health and my former parliamentary assistant, Carol Mitchell, whose responsibility is working with the minister on rural issues and underservicing issues.

I can point out that since 2003, 800,000 more Ontarians have found a family physician, which is a good thing. And for the last couple of years, we've actually had a net increase of physicians, as opposed to a decrease prior to that.

On the ORC lands, the ORC still falls under the jurisdiction of the Minister of Energy and Infrastructure. I'm not aware, obviously, of their plans for the centre. But I will undertake to have our officials communicate your concerns to the Minister of Energy and Infrastructure for a reply.

Mr. Garfield Dunlop: Thank you, Minister.

The Acting Chair (Mrs. Joyce Savoline): Mr. Prue.

Mr. Michael Prue: I have a couple of questions here. My colleague the member from Parkdale–High Park will be asking most of the housing questions, but I do have a couple, starting with Regent Park. How many units were torn down to make way for the new development?

Hon. Jim Watson: I'll ask an official to give you that specific answer. While we're waiting for the official, I can certainly tell you that we're very proud of the work that has been done at Regent Park. One of the first visits I had as minister was with Derek Ballantyne, whom I believe you know—

Mr. Michael Prue: Absolutely.

Hon. Jim Watson: —who is the head of Toronto Community Housing and a very innovative thinker. He was with Ottawa housing when I was on council.

I believe Regent Park is going to be a role model for not only our province, but for the country, for revitalization of a public housing community that was perhaps not that well planned, when you think about putting all of this social housing in one particular neighbourhood. It really did not work. There were a number of challenges.

When you go there today and see the dramatic transformation of that particular site—the mixed use, the fact that close to \$35 million has been allocated to provide 754 affordable housing units for a variety of clients, including seniors and persons with disabilities, under the AHP.

We've also provided \$29.3 million for 667 units to TCHC; \$6.1 million for 87 units to a non-profit provider in the Regent Park community; and \$1.9 million for 130 home ownership units. In addition, \$1.7 million has been provided for environmental remediation of phase one.

The development, as you know, is occurring in six phases over a 12- to 15-year period, at a cost of approximately \$1.2 billion. Phase one of the development, which will create over 800 new rental and home ownership homes, is currently under construction. The revitalization will see it transformed from an exclusively public housing community of 2,083 units to a mixed-income, tenure community—with a blend of rent-geared-to-income affordable and market housing and rental and home ownership units—of 5,100 units, so close to three times the number of individuals who have been there.

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It's a program that I think anyone in Toronto should be very pleased with. It's my understanding some people have started to move into some of the units. One of the things I found very intriguing about what Mr. Ballantyne told me at the time of my first tour, and I've since been back, is that there was no grocery store in the vicinity of the area. They worked out a deal with Sobeys to have a grocery store, something I think all of us take for granted, having a neighbourhood grocery store. There was not a neighbourhood grocery store. There were convenience stores, and we all know what the price of food is at a convenience store versus a grocery store and the lack of fresh produce and vegetables that can be found in a small store versus a grocery store.

He also talked about the fact that the franchise of Tim Hortons in that neighbourhood has committed to hiring all local residents to work in that Tim Hortons franchise, to give people an opportunity to find work while living in the Regent Park community.

Also, TCHC is very progressive in the sense that they've created their own painting company, made up of tenants from TCHC who are employed and go about painting the various TCHC buildings.

It's a very ambitious plan—\$1.2 billion. It's going from approximately 2,083 units to approximately 5,100 units, and it's going to be a mixed community. So we're not in essence ghettoizing the low-income, working poor

in one neighbourhood. It's going to be a blended community, which I think most urban thinkers realize is better for the community and better for the people who live in that community.

Mr. Michael Prue: Thank you for the information, but the question I asked is, how many units were taken out in order to start phase 1?

Hon. Jim Watson: We'll get back to you on the specific numbers of that, but certainly the overall number of people living on the site is going to be substantially greater than it was prior to the demolition.

Mr. Michael Prue: How many units are being built that are affordable for the people who moved out?

Hon. Jim Watson: We'll get that answer for you.

Mr. Michael Prue: How much is the province paying in this first phase towards the redevelopment of those same units?

Hon. Jim Watson: It's \$35.48 million.

Mr. Michael Prue: Does that include any of the monies going to any of the homes that will be either privately owned or leased?

Hon. Jim Watson: It's just the affordable units, that money.

Mr. Michael Prue: Are there any other monies being paid to those who will be owning or leasing the properties?

Hon. Jim Watson: There are 130 home-ownership units that we're providing with \$1.9 million, but they meet the strict condition of income thresholds. We think home ownership is a good investment, but for the condo owners and so on, those people are obviously paying for their own units. It's being run by Daniels Corp.

Mr. Michael Prue: I go by there weekly. Is the Sobeys store going to be in the first phase, second phase, third phase? When is that coming?

Mr. Fareed Amin: I don't have that information in detail, Mr. Prue, but we'll endeavour to get that information to you.

Mr. Michael Prue: The city of Toronto came up with this plan and pitched it. I agree Mr. Ballantyne is an innovative thinker. They only have sufficient resources, monies, lands, in the Regent Park north development. Has the city floated any other plans, any other possibilities—I'm thinking particularly of places like Jane-Finch—to do similar projects with the province?

Hon. Jim Watson: I'm not aware of a specific proposal for Jane-Finch, but the city of Toronto has submitted a number of proposals in the current wave of funding requests that we asked for under the affordable housing program. We don't have the final list and the final list of those projects that have been approved, that have not been determined or that have been released, but Toronto is very active in applications, in applying to the AHP program.

Mr. Michael Prue: Now, it is the developer, in this case, who is rebuilding Regent Park and providing what used to be pretty crummy housing—let me put it that way, I grew up there; pretty crummy housing—for brand new and much better housing. It's the developer who's

getting the land at little or no cost and the opportunity to build there, the city of Toronto zoning approvals, the province's \$35 million, but the developer obviously is spending a great deal of money here. Any idea how much is being spent, first phase, out of the \$1.2-billion redevelopment?

Hon. Jim Watson: The overall cost is \$1.2 billion. That's not the first phase, that's—

Mr. Michael Prue: Yes, the overall, yes. How much is the first phase costing the developer? We know the province is paying \$35 million. How much is the developer?

Hon. Jim Watson: Deputy?

Mr. Fareed Amin: We don't have that information but we can endeavour to get it to you, Mr. Prue.

Mr. Michael Prue: I'm trying to figure it out in terms of percentage. How much is the province a percentage owner or developer in this?

Hon. Jim Watson: As you know, this is driven by the city of Toronto, not by the province of Ontario, so those kinds of questions are probably best directed towards the city of Toronto, but we'll undertake to ask them for that information and pass it along to you.

Mr. Michael Prue: How much time, Madam Chair?

The Acting Chair (Mrs. Joyce Savoline): Eleven minutes.

Mr. Michael Prue: Lots of time.

The Acting Chair (Mrs. Joyce Savoline): Lucky 11.

Mr. Michael Prue: Okay.

Let's change just a little bit and go to the rent bank. How much was the budget for total expenditure in the rent bank for the last fiscal year?

Hon. Jim Watson: In the current fiscal year, it's \$5 million.

Mr. Michael Prue: That's the fiscal year ending in—

Hon. Jim Watson: March 31, 2010.

Mr. Michael Prue: Okay, that's \$5 million. Do you recall what it was for the last fiscal year?

Hon. Jim Watson: I can tell you since the rent bank began, I guess back in 2004, we've allocated a total of \$28.8 million. So 2006 was \$4 million, 2007 was \$4.8 million, 2008 was \$5 million. So the total has been \$23.8 million.

Mr. Michael Prue: Now in 2008, of the \$5 million allocated to the rent bank, how much was actually given out?

Hon. Jim Watson: All of it. I should explain for members of the committee that the rent bank was a commitment we made in our election platform of 2003 and what the rent bank is all about is to help those individuals who perhaps, in many instances through no fault of their own, have faced a cash crunch for up to two months. Many people, as we know, live paycheque to paycheque and if they lose their job or their hours are cut back, that would have a severe impact on their ability to pay their rent. We all know the personal anguish they would go through being evicted, the trauma that is created, particularly if you have children, and we felt there was a better way to provide some bridge financing

to individuals who were experiencing financial difficulties on a short term.

The funding was provided on a year-to-year basis, but in the last budget the Minister of Finance made a commitment and provided a line item in the Ministry of Municipal Affairs and Housing's operating budget that we would provide \$5 million a year. We've provided \$28.8 million to date since 2004, and the rent bank has helped to prevent more than 21,500 low-income households from being evicted due to a missed rent payment.

This was something during the poverty reduction strategy that we on the committee heard from a number of stakeholders, that it was an extremely low-cost but very effective program that ended up saving money. If an individual is evicted from their home and they are now being forced into a shelter, that's a cost to the taxpayers and a cost to society, let alone a traumatic experience for the family to be thrown out on the street. We think it's a relatively small program and relatively inexpensive in the scope of government programs, but it's very effectively run.

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I want to give special thanks to the various partners that provide the program at the grassroots level. In Ottawa, for instance, it's run by the Salvation Army; in other jurisdictions, it's run by the municipality, but they all work very well in providing the service, and that money is allocated and distributed on a formula every year to those service providers.

Mr. Michael Prue: In 2008, how many people applied for rent bank assistance? You told me 21,500, but that's over all six years. How many in 2008?

Hon. Jim Watson: That's right, that's the total figure. The 2008 figure—I don't know if we have the breakdown. We can get that for you, Mr. Prue. I don't think we have the specific breakdown. I can give you the breakdown—let me just see here. We'll get that for you, because I have a list, for instance, on a municipality-by-municipality basis. I don't know if we have a total number, but we don't have the specific year 2008.

Mr. Michael Prue: Okay. Really, what I'm looking for is the number of applications that were made, the number that were approved and the number that were refused.

Hon. Jim Watson: If we can find that information for you, we will give it to you.

Mr. Michael Prue: Okay. These loans: Do they continue to be interest-free?

Hon. Jim Watson: It's a combination. Some jurisdictions provide a loan; others provide a grant.

Mr. Michael Prue: For those that provide a loan, what is the repayment ratio? How many of them are being repaid and how many of them are not?

Hon. Jim Watson: It's relatively low, the repayment loan, but we'll get back to you with the specifics.

Mr. Michael Prue: Just so I understand, you're saying it's relatively low, the amount that is being paid back?

Hon. Jim Watson: That's right.

Mr. Michael Prue: So a lot of that \$5 million is not coming back?

Hon. Jim Watson: That's correct, but that's why the fund is topped up every year by \$5 million. The local service providers have the option of providing a grant program or a loan program. Some jurisdictions have greater success at getting the loans repaid than others. Obviously, if it's a loan program and the individual doesn't repay, then they wouldn't be eligible for an additional loan the following year. You can only get one loan or one grant per year.

Mr. Michael Prue: So that if a person doesn't pay it back, then the person is not eligible.

Hon. Jim Watson: That's correct.

Mr. Michael Prue: And if they do pay it back, they are?

Hon. Jim Watson: That's correct.

Mr. Michael Prue: Okay. That's probably pretty fair.

Hon. Jim Watson: Maybe I could just—we did a little bit of a satisfaction survey amongst the service managers, and a consultant found that there was a high level of satisfaction amongst service managers in the overall program parameters: 90% of service managers—these are the 47 service managers across the province—considered the current program parameters, including overall guidelines and client eligibility, to be either appropriate or somewhat appropriate. Based on the provincial rent bank client follow-up undertaken by service managers and delivery agents, the extent to which former clients were remaining at their same address after receiving rent bank assistance varied considerably by region. Of clients who were successfully contacted, 85% were still residing in the same residence after six months, which is good news.

Anecdotal evidence from service managers and from a small number of interviews with landlords and tenants indicates the provincial rent bank program has helped clients with housing stability, which was one of the objectives of the program.

The Acting Chair (Mrs. Joyce Savoline): Three minutes.

Mr. Michael Prue: You stated that in the last budget, the amount of \$5 million is intended to be put forward for next year. Is that correct? Did I hear that right?

Hon. Jim Watson: I can't prejudge what the Minister of Finance is going to do, but what happened prior to this year was that the rent bank was funded by year-end surpluses, which didn't provide great stability to the service managers. One of the recommendations of the poverty reduction committee was to make the rent bank program a permanent program as a line item in our budget, and that has been done.

The Chair (Mrs. Joyce Savoline): Less than two minutes left.

Mr. Michael Prue: Two minutes, okay. I just want to be sure that the information that I've requested—the number of people who have applied, the number who have been approved and the number of people who have been refused—that is information that can be released?

Mr. Fareed Amin: This information, Mr. Prue, is collected and managed by the service managers, so we have to reach out to them to ascertain the availability of that information. But certainly if it is available, we'll provide it to you.

Mr. Michael Prue: That information is not kept in a central location each year so that the government might ascertain the success?

Mr. Fareed Amin: We have an accountability requirement to make sure that the service managers comply with the program parameters, but the most up-to-date information might reside with the service managers.

Hon. Jim Watson: I can tell you that we have done some analysis with respect to savings as a result of having the rent bank program. I think you might find it interesting that in the report I referred to, it has been estimated that by spending about \$13 million through to the rent bank, we've lowered the emergency shelter costs of the province by over \$7 million, because these individuals have not gone into the shelter program. It has been estimated that evictions cost \$2,234 per tenant and between \$2,500 and \$6,000 for landlords. Further research suggests that rent banks may also have other benefits for tenants, including reducing the strain on families and children who may have otherwise had to relocate to new neighbourhoods and schools. It's a program that I think is working, and we will certainly undertake to get as much of the information you've asked for as possible. It may take a little bit of time, given the fact that to get the most updated information would require us to contact the 47 service managers. We would have information, obviously, from two years ago but not the current fiscal year.

Mr. Michael Prue: How many agencies or municipalities ran out of funds last year?

The Chair (Mrs. Joyce Savoline): Your time is up, Mr. Prue.

Mr. Michael Prue: If you could provide that later.

The Chair (Mrs. Joyce Savoline): Mr. McNeely.

Mr. Phil McNeely: Minister, I'd like to take this opportunity to look at the city of Ottawa, not to get into controversial issues, of which there may be some in our city. I know what your ministry has done with the greater Toronto area and the greenbelt and Metrolinx through the Ministry of Transportation—not your ministry—just looking at the good planning that has been pushed forward in the city of Toronto. One of the things that was part of my first experience as a politician in the city of Ottawa was the development of the master plan in 2001-02.

We gave lip service in Ottawa, and we still do, to balanced development, and balanced development never occurred. The lowest jobs per household is in Orléans. Kanata and Nepean are pretty well balanced. The downtown is very high in jobs per household. So most of Orléans's people, about 100,000, get in their cars every morning or get on to public transit. We have one of the highest riderships in the city, if not in the province. It's approximately 35%. I think that the objective by 2020 is

over 40% ridership on our public transit. This is working out, in a way, but it is also not working out, in a way.

The federal government is probably 40% of the jobs in the city of Ottawa or connected to the federal government, and they've done very little for balanced development; I think that's acknowledged by everyone. They will not go east beyond a certain line. You would think we were still in the horse and buggy days with communications, but this is one of the things that we have to deal with.

I've spoken to a firm that's looking at our end of the city with 2,000 bilingual jobs, reasonable jobs, but they need action by other employers, and one of them would be the federal government. Certainly a lot of corporations now have a lot of e-working, and that would really be good for Orléans' people, because this is effective for us as we move ahead, that we get more people working from their homes.

1740

There are many things that are issues in the east, and we don't seem to be able to get together a concerted effort in dealing with the balanced development, the sustainable city. I don't see us moving forward. I wonder if there's a role for the provincial government to play in that, because you had quite a role in getting things together in Toronto.

We're looking at phase two of Hunt Club and we're looking at that in isolation. That's something that is a city project. The NCC owns the land and is holding up the development of that.

We're looking at the federal jobs going to Orléans. Recently, the federal government moved 2,000 jobs out of the east end to the west end.

Fixing the Split, as you mentioned earlier, is a major project. That's where 417 and 174 come together. It was designed and built 30 years ago and was never designed for 100,000 people in Orléans, plus the 30,000 people in Rockland and Clarence to the east. It just becomes worse every year, even with improvements.

The bridge to Quebec, of course, is a major issue for us. A lot of people in the east end say put Aviation Parkway through a whole community, six or seven kilometres, and that's not a good solution.

I think the package deal has to be approached. I think the balanced development, the sustainable city, the 100,000-plus people who live in the east end—the package deal has to come up where all these issues are put together and they're presented to the public and they say, "Okay, there." Because we've been looking for a solution for that bridge to Quebec, which is important, and we've been looking for a solution to the balanced development, which is important. We're looking for that solution, and we always look at individual projects. That's not us leading it; that's NCC in the case of the bridge, the city in the case of light rail, the federal government in the case of balanced development.

I'm just wondering, is there a role for the province to play to try to look at the east part of the city? I'm talking about the Canal East, because that's the area that will be

impacted greatly if we bring in all that traffic from Quebec to the east of us. Is there a role the province could play in trying to look at a concerted effort for the east of our city that would take into consideration all these issues?

Hon. Jim Watson: You've brought us all a good history lesson of some of the challenges facing the east end.

I think one of the more positive things that has come out of the east end in the last couple of years, which I know you were instrumental in creating, was Team Ottawa-Orléans, a non-partisan, multi-level effort at trying to do exactly what you've suggested. I don't believe Team Ottawa-Orléans is perhaps as active as we would all like to see it, but I commend those individuals who started the process to try to get the different levels of government—and in Ottawa, it is a little bit more complex because we have the National Capital Commission, which I've often said is a quasi-level of government.

I do have to give credit to the federal government; it's a much more open and transparent organization than it was before. I used to fight vigorously to get their meetings open to the public and they're now open. I still think they should have a majority of residents on their board of directors from the national capital region; that's still not the case. But they've gone a long way to ensuring there's more openness and transparency.

There are a number of very challenging issues facing your part of the city that I'm certainly aware of. If the province, through our ministry or MEI or the provincial development facilitator, can sit down with the various parties dealing with the bridge issue—I know that the bridge issue is quite a divisive issue. I've been consistent in my opposition to the Kettle Island option because I didn't feel that bringing that amount of traffic into the Manor Park area made any sense, and I was opposed to it back in my days on municipal council as well. You don't solve one problem by creating another problem.

The issue with respect to the split that I know you're working on—we're seeing some progress on that with the work that Minister Bradley has done. I believe he sent a letter just recently to the city to assure them that the province is committed to funding work that needs to be done to ensure that the split does get fixed. I think the federal government plays a key role. Obviously, the movement of the RCMP—I believe that was the 2,000 jobs you were referring to—to south Nepean and Barrhaven is going to have an impact, because a lot of people from the RCMP worked in Orléans and moved to Orléans because their employment node was on St Laurent Boulevard.

I think that the transit ridership is—it's quite well known that the east end has the highest percentage of transit riders, but we need to work with the federal government and with the private sector to see if we can't attract some of the business community to locate their businesses in the east end. I know for a long time the community was looking for a hotel. They didn't even

have a hotel in the far east. I know a project has been announced, and I believe under way, that will create some jobs in the east end.

But I think it probably would require all of the parties sitting together, both federally and provincially, under the concept of Team Ottawa-Orléans, to see if we can't help draft a strategy to both attract jobs and to deal with some of the traffic issues. The light rail issue is always an issue in Ottawa, and there was some concern with the original plan going north-south when the immediate problem was more of an east-west issue. I know the councillors for that area fought very hard, as you did as well, to ensure that east-west got some priority treatment to try to get the rail system out there.

The plan that the city has approved is currently before the Ministry of Transportation and they're doing the due diligence on the existing plan. But as we know, there have been a number of changes, and cost estimates have not been consistent. The city has assured us that they're going to be bringing in the cost estimates from the environmental assessment plan sometime in late October. Our hope is that those figures are much more firm and that we can then determine what level of support we'll be able to offer, and the federal government will be able to do the same.

As you know, we're committed to \$200 million. The Premier indicated at an event he was at at CHEO, and I've stated it a number of times since, that obviously more than \$200 million will be required for this long-term light rail plan in Ottawa. We want to make sure that east Ottawa—for a couple reasons, one, almost to reward the ridership numbers that they've provided us; and secondly, we understand there's tremendous growth in Clarence-Rockland, which is not part of Ottawa, and that has a direct impact on the 174 and the 417 split challenge that you've talked about.

If there's something that we can do at the provincial level that you would like to invite us to participate in, we have some expertise from a planning perspective. As well, I'm sure we could convince the Ministry of Transportation and the Ministry of Energy and Infrastructure to provide some resources in terms of people to sit down, at least in an initial meeting, and discuss options that are available to help the east grow in a more thoughtful fashion on a go-forward basis.

Mr. Phil McNeely: Thank you very much for that. I think it's extremely important. We have this business which will bring out 2,000 reasonably paid jobs to the east end.

I would ask the province, then, and I'd like that on the record today, that we proceed with an approach that encompasses all the issues and not just, "Well, we're going to put a bridge." That bridge causes a lot of problems. We've studied that separately. I think a comprehensive solution is needed for the east end of the city, and I really appreciate the fact that you are showing some support for that. I think the provincial support would be important to get us moving forward in a concerted, comprehensive mode so that we get real solutions—not

solutions to one problem, as you said, and move into another area.

1750

Hon. Jim Watson: The offer is there. If I could be of some help to facilitate that, working with you, Mr. McNeely, I would be happy to do that.

The challenge is that Orléans, under the old model, was divided in two, as part of Cumberland township and Gloucester. You had the regional government involved. You've seen tremendous growth of the high-tech sector in the west end, in Nepean, Kanata and so on, and you haven't seen the same kind of employment growth in the east end. Perhaps that requires greater attention on the part of all levels of government to see what we can do to offer that balance, because it's not in anyone's best interests to have too much employment growth in one area to the detriment of another area.

There's only one major artery east-west, namely the 417, and we see ourselves, back and forth, when we're travelling that route at rush hour, morning and afternoon, it can be very, very frustrating. We have done some work, obviously, to expand highways and alleviate some of the congestion, but Smart Growth requires us to have that balance of employment opportunities in the east end just as we have in the west end.

If there's anything I can do to help on that, to bring some provincial officials to perhaps a team Ottawa-Orléans meeting, we'd be very happy to do that.

Mr. Phil McNeely: Chair, how much time is left?

The Acting Chair (Mrs. Joyce Savoline): Just less than six minutes.

Mr. Phil McNeely: Those are all my questions.

Mr. Jim Brownell: Okay, I do have a question and I am very happy to probably end the day. I started it this morning.

Since I was elected in 2003, I've had many opportunities to meet with the service director for social services in Cornwall and the United Counties of Stormont, Dundas and Glengarry. Deborah Daigle is at the helm there now, and I meet with her quite often to discuss concerns and projects and the like.

I had mentioned this morning and we had alluded to the fact that you've been down to my riding to see projects of retrofitting buildings and whatnot. Right at this moment, we're coming to the end of a new 20-unit project in Williamsburg. That was a project way back in—I remember meeting with Trevor Tolley, who was the chair of the Williamsburg Non-Profit Housing Corp. He had told me back in 2004 of a project that had been shelved, and he wanted to get it back on track. It got itself back on track and the project is coming to an end. I think it was just an opportunity of the municipality and the service delivery officials such as Deborah Daigle and others who saw that we needed new housing in the community, and they went to bat.

I have no idea what goes on behind the scenes with regard to what happens. How does your ministry work with these municipalities to help them meet those needs?

The needs are out there. In a nutshell, could you tell us the process?

Hon. Jim Watson: It's like any relationship. We have different levels that we work on. At the political level, obviously I'm engaged through AMO and through visits and meetings individually with municipal leaders. They will often write me a letter. It could be as simple as starting the process with writing me a letter to talk about an exciting project that they need funding on. Also, at the staff level, they'll work with the service managers. We really have 47 districts across the province, and each one has a service manager who's responsible for that geographic part of the province.

One of the challenges I think all of the housing providers have had over the last decade or so is that they've very much been treated like a Ping-Pong ball. The federal level was very much involved with housing through CMHC and various housing programs. That was downloaded to the provincial government, and the previous provincial government downloaded it to the municipal sector. They have no one else to download it to, so they are responsible now for housing delivery.

What we tried to do with the Canada-Ontario affordable housing program that we signed—my predecessor signed—a few years ago was to create a little bit more stability and predictability when it came to letting those communities like yours know exactly how much money we have to spend and what the allocation is going to be, and subsequently work around that budget and see how many units we could develop in home ownership, in rent supplement or in new-build construction. That's really the genesis of why the Premier, in 2007 in our election platform, put in as one of our commitments that we would develop a long-term affordable housing strategy.

We know, for instance, there are projects that have been approved under the old AHP program that still have not been built because those of us with municipal experience understand it sometimes takes a little while, sometimes more time than we'd like, to get the zoning in place. And then there may be an appeal because some people don't like to see affordable housing in their neighbourhood, and it goes to the board, and that can often take years. So while it's nice to have a five-year program, in many instances by the time you get a project up and running it could be four or five years and then you're back to square one; you have to fight to get another five-year program in place.

What we're hoping to try to do is to develop a long-term affordable housing strategy that will look beyond a five-year cycle to perhaps 10 years or longer to come up with some figures that we can afford—obviously, that's paramount to any government or organization—and

secondly, to make the kinds of changes from a structural point of view or eliminating silos or eliminating some of the duplication or rules or regulations to make it easier for people to build affordable housing, and learn from other jurisdictions. I think one of the things that I've enjoyed most about the public consultation is that it's an opportunity for me to hear from people at the grassroots level who have often travelled to other jurisdictions to find out what's worked in terms of a rent supplement, what hasn't, how we get more housing built quicker, cheaper, environmentally sensitive and so on. All of this information is going to be fed into our report and our goal and objective is to come out with what we think will be a thoughtful, long-term affordable housing strategy that meets our objectives as a government and as a society.

So the relationship that is built up with those service managers, the individuals or the organizations that do provide the direction, is important. In many jurisdictions—I know in Ottawa there are something like 20 or 30 not-for-profit housing providers, everyone from CCOC, the Centretown citizens' organization, to church groups that run affordable housing programs, to the municipality that usually is the largest housing provider, to other not-for-profit groups that do very good work on a shoestring budget. We have to do our part to provide the financial support and other support to those organizations.

We work, for instance, very closely with the co-op federation of Ontario. There are hundreds of co-ops around the province and they often come to us with some challenges that they face as co-ops.

Interruption.

The Acting Chair (Mrs. Joyce Savoline): Perhaps that's your cue to stop.

Hon. Jim Watson: Is that it? Good timing.

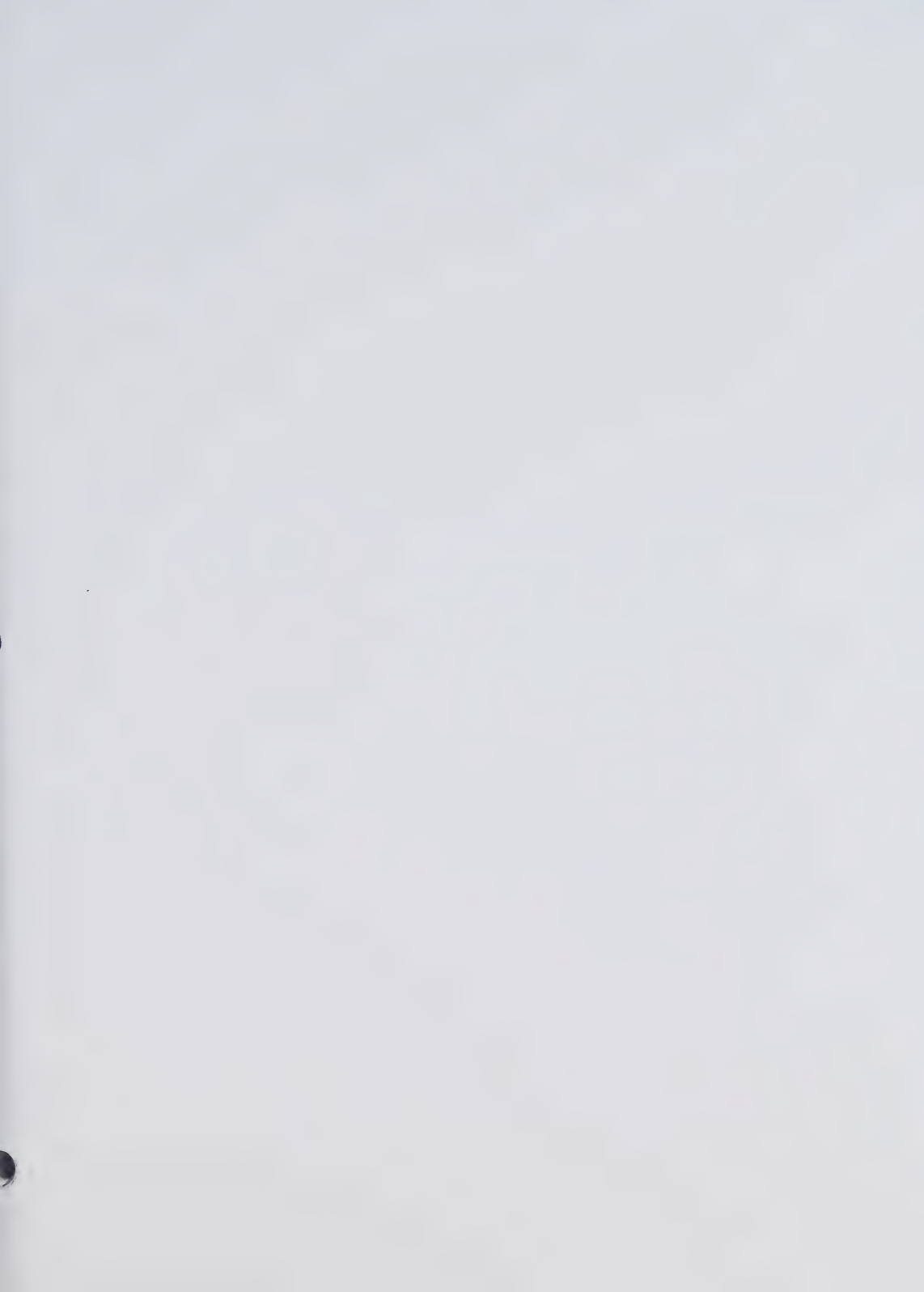
So I think, in summary, Madam Chair and Mr. Brownell, the relationship is very vibrant. There's a lot of dialogue that goes along with the local level, province to province. I look forward to working with the umbrella organization, the Ontario not-for-profit association—I'm coming to their annual meeting, I believe, later this fall—and we look forward to their input in the next phase of the public consultation stage of the development of the affordable housing strategy.

The Acting Chair (Mrs. Joyce Savoline): Thanks, Mr. Minister. That's all the time we have today. We'll reconvene tomorrow at 3:30.

Hon. Jim Watson: I'll be here.

The Acting Chair (Mrs. Joyce Savoline): In this room again.

The committee adjourned at 1800.



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Mercredi 7 octobre 2009

Standing Committee on Estimates

**Ministry of Municipal Affairs
and Housing**

Comité permanent des budgets des dépenses

**Ministère des Affaires municipales
et du Logement**

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STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 7 October 2009

Mercredi 7 octobre 2009

*The committee met at 1536 in room 151.*MINISTRY OF MUNICIPAL AFFAIRS
AND HOUSING

The Vice-Chair (Mr. Robert Bailey): We're starting with the official opposition. There are seven hours and 10 minutes left in the rotations. Ms. Savoline.

Mrs. Joyce Savoline: Thank you. Again, hello. How's your cold?

Hon. Jim Watson: A little better.

Mrs. Joyce Savoline: Good.

I want to go to the housing portfolio and talk about a series of three letters going back and forth between the region of Halton and the province. The first letter is probably the letter that you read some parts of, a response from Chair Carr thanking you for the initiative and the money; I think you did that a couple of days ago. You were talking about money that you were investing in Halton region for renovations and retrofits—a series of things. I think Chair Carr then responded to you and said that they were really pleased to be receiving all of these dollars. Your letter then said that further details would follow about the programs.

Then the next letter from the ministry was dated July 10, and you were saying that you were providing the service manager administration agreement, the Ontario affordable housing program extension and the social housing renovation and retrofit program information—that was fine—and said that everything had to be in by July 31. That was a very quick turnaround.

But then on September 10, it says that since you, the minister, last wrote to the chair on June 9 regarding the launch of the renovation and retrofit program, SHRRP etc.—“We are pleased to tell you that the participation to date has been outstanding. In the few short months of implementation, the ministry has received excellent response.” And then you say, “Since the regional municipality of Halton has not, as of July 31 deadline, submitted construction-ready affordable rental housing proposals to the ministry, there is a possibility that the program funds for year one may be allocated to other service manager areas with projects that are advanced and ready to go.”

You then say, “I would therefore encourage you to submit qualified proposals that you may have for AHP projects to access available funding for this year” so that

you can work together with the area on these housing projects.

I guess my concern is, having been in the municipal world, as you have, Minister, those timelines were almost criss-crossing each other and the letters were almost criss-crossing each other in the mail. Halton is a sophisticated municipality that could probably pull things together far more quickly than some smaller municipalities. How could these timelines be reasonable for working with municipalities on such critical issues and things that municipalities have been waiting for years to embark on?

Hon. Jim Watson: I'll ask the deputy for some further comments, but in fact, our staff at the Ministry of Municipal Affairs and Housing were in touch with the housing managers literally within a week or so after the budget was introduced in anticipation of it being passed. We couldn't prejudge that the budget would be passed, but we could send out our officials on an unofficial basis to say, “Should the budget receive Legislative Assembly approval, there's going to be a substantial amount of money. Start getting ready now for your potential programs, both in terms of renovation and retrofit and new build.”

So while that last letter you referred to I sent out to a number of regional chairs, DSSABs and wardens, for those we really hadn't heard back from, it was just to give them a gentle reminder that we would like their participation because we wanted everyone to benefit from the funding. I think, as I pointed out, under the SHRRP, the renovation and retrofit program, Halton has been allotted \$4.4 million this year and \$5.4 million next year.

Deputy, maybe you could offer a little bit more insight, but I know we have a very good working relationship with all of the service managers and our staffs have been, if not always in written communications, which has come mostly from me, they've certainly been prodding and pushing in a polite way through e-mail and through in-person meetings to make sure everyone benefits from the funds.

Deputy?

Mr. Fareed Amin: Thank you, Minister. As you know, we are operating under some very, very tight timelines. In fact, we have to spend the money in this fiscal and next fiscal year. In addition to the formal correspondence we had with the municipalities, we actually met with them and had a number of telephone conversations.

In fact, I met with the regional CAOs, including the CAO for Halton region, very early in the process to talk a bit about how we can get ready to submit these proposals not only on the social housing infrastructure fund, but also on the broader infrastructure fund, because, as you know, some of the timelines also apply to some of those funds.

We don't deliver social housing so we rely exclusively on that relationship. In fact, the ADM of housing travelled across the province to meet with the service managers to have that conversation, to make sure they were ready so that when the letters had gone out from the minister, they could respond fairly quickly. We've had that ongoing dialog with them to ensure that they can respond fairly quickly to the correspondence.

The formal letters that you referred to were in addition to a number of telephone conversations and an in-person meeting that we had with the service managers and municipalities.

The other reason why we were insistent on getting municipalities to send us their proposals was because, as the minister said earlier, we didn't want to give any of this money back to either the federal or provincial treasuries because we wanted to make sure we spent all the money. We were urging service managers, "If you have a construction-ready project, you will get your 'notice of allocation.' If you don't, we're going to look for other municipalities that have construction-ready projects and see whether or not they can utilize some of that money."

Mrs. Joyce Savoline: Okay, which leads right into my next question, Deputy: Based on the timelines that were given, the exchange of letters and the comment about moving the money from the municipality that you were talking about in the letter to some other service manager area, how many service manager areas missed the opportunity for the funding? Do you have a list of those that would have liked to, but didn't make it?

Mr. Fareed Amin: We received submissions, if I'm not mistaken, from almost every service manager across the province. There were situations where they would approach us if they had extenuating circumstances and we were flexible in terms of giving them some leeway to submit their project. In fact, our staff was in contact almost daily with staff in the planning department or in the municipality to help them make their way through the planning process, if that's what they had to do.

I would say that we had proposals from almost all municipalities across the province, and the ones that need some extra time we actually try and accommodate as best we can, recognizing that we have fairly strict timelines.

The other point I'd like to make as well is that the year-over-year cash flow also has to follow a certain pattern. So we can't use the excess funds from this fiscal and use it for next fiscal. It has to flow this fiscal and the remaining money has to flow next fiscal. That's why we were, if you will, pushing our municipal partners to try and get their proposals in the door fairly quickly so as not to lose out on whatever funding we notionally allocated to them.

Hon. Jim Watson: And the reverse is true as well, that if we've had great success in one year, we can't borrow off of next year. We have to wait till the new fiscal year begins.

Mrs. Joyce Savoline: And another issue in all of that is that the fiscal years are different. There's a big gap, so to ask a municipality to be ready to go with the program mid-year is sometimes not realistic. Do you have municipalities that missed because they couldn't get themselves ready?

Mr. Fareed Amin: I don't think so. I don't think we did. The only addition I will make is that this does not require municipal contribution. So the fiscal year for them hasn't been an issue because this is provincial-federal. This is not like another infrastructure project. It's not one third, one third, one third.

Mrs. Joyce Savoline: No, not from a budget line item per se, but from a resource perspective within the municipality to compile the applications—everybody's down to bare bones with respect to staff, so it does become onerous within a municipality.

Mr. Fareed Amin: We also had our regional staff working with municipalities to help them with the application process. In fact, we did a blitz across the province where we asked our staff in the regional offices to actually have some dedicated time and resources to work with our municipal colleagues and service managers to get their application in on time. To be honest, I think we went way beyond the call of duty just to make sure that we got this money out to them as soon as we could, realizing there's a big need out there. As the minister said, this is perhaps the largest single investment in a fairly constricted time period in housing since the history of the federation.

Mrs. Joyce Savoline: Okay. Just for the record, I was not complaining about Halton. I was using Halton as the example because those were letters I received as an MPP in the Halton area.

I would like, then, to talk about the ODA. The question I'd like to ask is related to how municipalities are meeting the accessibility for Ontarians with Disabilities Act with respect to the construction standards. There are some—I'm going to call them "discrepancies;" I don't know what other word to use—between the AODA standards and the Ontario building code standards and also with some other pieces of legislation. So for example, municipalities will have to retrofit some—not some, but all of their buildings. But if it's a heritage building, the municipality will have to comply with the Ontario Heritage Act. Perhaps another example might be if a washroom needs to be expanded and the building must be expanded to accommodate that, it might require some zoning bylaw changes or that kind of thing. These are just a few examples.

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So my question, Minister, is whether these standards have come together in any way, and who's looking after making sure that the right hand knows what the left hand is doing, so to speak. And when all this comes together,

which legislation supersedes all the other pieces of legislation and regulations? How do municipalities work with this?

Hon. Jim Watson: Maybe I'll just offer an opening comment, Ms. Savoline, with respect to the built environment standard development committee, which released its proposed accessible built environment standard in July of this year. Obviously, the intent is to make buildings more accessible. The public feedback on that specific aspect of the act is going to ensure that we do meet Ontario's needs. The public review period ends on October 16, next week.

Once the committee assesses the comments and finalizes the standard, the government will take their recommendations into consideration for implementation as a regulation, and it will come back through the cabinet committee system.

The process builds on the enhanced barrier-free accessibility requirements of the 2006 building code. As you know, the building code goes through a metamorphosis every five years. We are tasked with the responsibility to make sure there are no conflicts between two different acts. The deputy, who is well versed in this, can give you a little bit more information.

Mr. Fareed Amin: Just to echo what the minister said, this is the responsibility of the Minister of Community and Social Services. She has responsibility for the AODA legislation. In terms of how this will all come together, the minister would be the one who would make some of those decisions, in consultation, of course, with her colleagues.

The Ministry of Municipal Affairs and Housing is participating in working groups, and the built environment is one that we're actively engaged in. We are bringing the municipal perspective to that table. A number of the recommendations coming of the working group are now being finalized, but I don't think government has actually responded to those recommendations as of yet. We're actively engaged. We're hoping to bring the municipal perspective on it. In fact, I had a chat this morning with the Ontario Municipal Administrators' Association on exactly the same question.

So we're hoping that we can reflect some of the views that you have expressed to us in terms of the Heritage Act and the Planning Act and which takes precedence and, hopefully, bring some of the concerns that municipalities have regarding accessibility to buildings to that table.

Hon. Jim Watson: I might also add, Ms. Savoline, that municipalities are in fact represented in all of the five different committees. This is an item that has come before the AMO MOU table in the past, so there is a dialogue going on between ourselves, AMO and the Ministry of Community and Social Services.

Mrs. Joyce Savoline: Okay, because I think it's a really important initiative and I fully support it. In fact, I chaired the accessibility committee at the region when I was there as chairman, and really took great pleasure in producing the master plan for how we moved forward, which brings me to a question. I guess I'm asking more

for rural municipalities or smaller municipalities that may need to do this retrofitting. The cost involved in some of this retrofitting may be prohibitive, given a lot of the other initiatives that small municipalities are faced with: a declining tax base and just costs in general.

I'm wondering if there's anything that the province is considering to help some of these municipalities that clearly can't fill the bill on some of these changes without some assistance.

Mr. Fareed Amin: I have the ADM here, Rob Taylor, who actually sits on the built environment working group. Rob, if you could provide some—

Dr. Rob Taylor: Maybe I'll just clarify a few points that may be of assistance at this time. As the deputy noted, this is an initiative that is being led by the Ministry of Community and Social Services. Just to give you a little bit of background, because I think it's important to understand and appreciate the various components, there are five separate groups that are working on separate standards. They each have a standards development committee. The one that the Ministry of Municipal Affairs and Housing is leading on behalf of the province is the built environment. I think that's the one you're referring to, but there are other ones dealing with transportation, employment etc. For the built environment, as the minister noted, it went out for public review in July and that closes October 16.

What this standard development committee has done is it has actually gone beyond what it originally was looking at. Originally, it was looking at the built environment to see what could be done on a go-forward basis. That's really how the building code works as well. It looks at new construction and major renovations. It was an opportunity to see, on a go-forward basis, what we could instill, in terms of standards, into the built environment. The committee also made some recommendations towards retrofit and single-family housing. Again, those were two elements that were not in the original terms of reference.

What was noted as that went out for public consultation was that the government did not want to play with the recommendations or the draft report of the standards development committee but recognized that both of those elements, retrofit and single-family housing, would be dealt with at a later date. They weren't being considered by government at this time. Okay? The whole business around heritage buildings, single-family homes or existing businesses and homes etc. is not being considered at this time.

Mrs. Joyce Savoline: I'm talking more about municipally owned buildings.

The Chair (Mr. Garfield Dunlop): Just a minute left.

Mrs. Joyce Savoline: Thanks.

Dr. Rob Taylor: The same would be true. What is being considered now is on a go-forward basis. Any new buildings or major renovations are really what we're looking at now.

The other thing to appreciate is that there are really two components here as well. The first one is dealing

with what would be considered in the built environment, and that's what the building code deals with. There are other elements that are being considered in terms of open spaces, streetscapes, walkways and things of that nature. There are recommendations in there for the built environment, but that—

Mrs. Joyce Savoline: But if the municipality finds that this is onerous, is there a program that the province is thinking of to move this initiative forward and help pay for these things? That was my question.

Dr. Rob Taylor: Okay, I was just trying to give you a background of where we're dealing with retrofit etc. Right now, none of that has been part of the package because it's just coming through. One of the other elements that has been part of the process is doing a costing analysis. Of course, that's sort of been done on a preliminary basis because you don't know what to cost until you've determined exactly what standard you want to move forward on. That will be part of the process, so we're not really sure of what all the costs will be, but certainly government has recognized that that's what it wants to do once it has been able to set the standard, move that forward, and then do a further cost analysis and appreciation of what, actually, all the costs will be.

We should appreciate that for many of the things we're talking about here, really, there's a nominal cost or no cost at all. It's what size the door is and things of that nature that can actually be incorporated into design. The preliminary cost analysis said that on average, it would be about 4.5% across the board, not including retrofit or those other things that weren't being considered.

The Chair (Mr. Garfield Dunlop): We'll now move over to the third party. Mr. Hampton, you have 20 minutes.

Mr. Howard Hampton: I have some general questions about housing. CMHC defines housing affordability as spending less than 30% of before-tax income on rent. I wonder if you can tell us, today in Ontario, what percentage of Ontario tenants pay more than 30% of their before-tax income on housing?

Hon. Jim Watson: We'll get that for you at a later date. We don't have it now.

Mr. Howard Hampton: Do you have statistics for last year, 2008?

Hon. Jim Watson: We would have those statistics. We don't have them with us.

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Mr. Howard Hampton: Because I'm told that in 2006, 44.6% of Ontarians paid more than 30% of their before-tax income on housing.

The second question: Could you tell me how Ontario ranks in terms of affordability of housing in comparison to other provinces?

Hon. Jim Watson: Deputy, do you have a—not to use an excuse, but our ADM of housing is on sick leave, and we'd be delighted to have Dana Richardson at the table, who is acting. We may not have the specific answer to that specific question. We will undertake to get it to you.

Mr. Howard Hampton: Okay. It's unlikely you would have the figures for this year because we're only two thirds of the way through the year, so the figures for 2008, because I note that in 2006, according to Statistics Canada, Ontario had the second-worst ranking in terms of affordability of housing in comparison to other provinces.

Next question: What proportion of Ontario tenants pay more than 50% of their income on rent?

Hon. Jim Watson: We'll attempt to get that answer for you.

Mr. Howard Hampton: The figures for 2008?

Hon. Jim Watson: If they're available, we'll get them for you.

Mr. Howard Hampton: Well, if not 2008, then the latest figures you have available, because in 2006, StatsCan said it was one in five in Ontario who paid more than 50% of their income on rent.

Next question: What percentage of Ontario homeowners pay more than 30% of their income on mortgages?

Hon. Jim Watson: Same strategy: We'll get back to you.

Mr. Howard Hampton: Okay, and again, the latest figures you have.

Next question—and this is a supplementary to the last one: How does Ontario rank amongst the provinces in that category? Because I note that in 2006, Ontario was second-worst.

Next question: How has this category changed over the last 10 years? Has it remained constant, has progress been made or are we sliding back?

Hon. Jim Watson: Well again, we'll get you the specific answer, but I can comment on what we have done as a government since taking office in 2003.

As you know, the previous government downloaded the responsibility for housing to the municipal sector. As a result, for many years, for close to eight years, we were not in the housing business at all. I was very pleased that in 2005, we signed an agreement with the former federal government that invested \$734 million in affordable housing, which was the largest investment in affordable housing to that point.

Subsequent to that, we've committed an additional \$100 million in 2008 for repair and rehabilitation of existing housing stock, plus we earmarked \$622 million in the last provincial budget, which was matched by the federal government to the tune of a total of \$1.2 billion. Of that \$1.2 billion, over the next two years—which, again, is a record amount of money spent on affordable housing in that set period of time—we hope to rehabilitate 50,000 social housing units and build 4,500 new units. The expectation is that that construction activity, because housing is very labour-intensive, will create 23,000 jobs over the course of the program. Of that money, the vast majority—\$704 million—will be spent on housing repair and retrofit. The housing program extension will take up the additional \$540 million.

Of the AHP extension—as you may know, we weren't allowed to alter the original premise of the agreement because they wanted to get the money out the door for economic stimulus reasons, but that includes home-ownership dollars and a special emphasis on low-income seniors and persons with disabilities.

Mr. Howard Hampton: Maybe you could tell me this, then: How many Ontario households are on a social housing waiting list?

Hon. Jim Watson: There are approximately 126,000 in the province.

Mr. Howard Hampton: And that's as of when?

Hon. Jim Watson: I believe a couple of months ago was the last time I saw a figure.

Mr. Howard Hampton: One hundred and twenty-six thousand?

Hon. Jim Watson: Yes.

Mr. Howard Hampton: Can you tell me, is that number increasing or declining?

Hon. Jim Watson: I believe, correct me if I'm wrong, it is increasing.

Mr. Howard Hampton: In the figures we have it's an increase by 4.2% over January 2008.

Hon. Jim Watson: I don't know if Dana has a figure on that. Let me just see if I have—

Ms. Dana Richardson: We have that information from the ONPHA 2009 report, and that is the number that they have established.

Mr. Howard Hampton: Thank you. According to the Ontario Non-Profit Housing Association, 64% of housing agency service managers believe that long wait times discourage people from submitting applications. In other words, there are people out there who need housing, but when they see the wait time, they simply say, "What's the use?" In other words, they believe the figure that you've given actually understates the number of people waiting for assisted housing in Ontario. Do you agree that official waiting list numbers underestimate the total number of households waiting for affordable housing in Ontario?

Hon. Jim Watson: We don't have any information that would back that up. I suppose you may have some anecdotal information, but I think if someone wants to get affordable housing, regardless of the size of the wait-list, the wise thing to do would be to put their name on that list. It's one of the reasons why we recognize there's a need for a long-term affordable housing strategy, which we are in the midst of wrapping up the public consultation on, and our hope is, working with groups like ONPHA, Habitat for Humanity, the co-op federation of Ontario and others, that in fact we can work diligently to get that number down substantially over the course of the long-term strategy.

The other point to keep in mind is that I think various service managers have done a very good job at working to make sure there is not the kind of duplication that perhaps was seen more often in the lists. There's more computerization, so individuals are not going from one jurisdiction to another and putting their name on the list and inflating the size of the list by being on several

service managers' lists. I think they deserve a lot of credit, and ONPHA has been very helpful in making sure that that information and best practices are shared. I certainly heard that at their conference last year and I look forward to speaking with them again this year.

Mr. Howard Hampton: According to the Wellesley Institute, Ontario has the largest housing supply deficit of any province in Canada, where housing deficit is the gap between the need for new housing as measured against construction starts. Would you agree or disagree with that assessment?

Hon. Jim Watson: I'd have to go back and look at some statistics to verify whether that, in fact, is true, but we recognize there is a need for additional affordable housing, and that's why we signed the AHP agreement with the federal government several years ago. That's why Minister Duncan put \$622 million into affordable housing. I know one of your colleagues called that a pittance or crumbs; I don't. I think it's a significant amount of money. I know the sector was particularly pleased with the work that provincial and territorial ministers did to get the federal government back to the table with money so that we could start building more houses. Over the course of the next two years it's our goal, working with our service managers, municipalities and the not-for-profit and private sectors, to see us deliver 4,500 new affordable housing units in addition to repairing and rehabilitating 50,000 more, so it gives people a more pleasant, safe, affordable housing option to live in.

Mr. Howard Hampton: In line with that, the Wellesley Institute also says that Ontario has the largest number of households in core housing need who are also in housing that is grossly substandard. Do you agree or disagree with that assessment?

Hon. Jim Watson: I can't comment on the validity of whether we are the worst or second-worst. I can tell you that one person in Ontario living in substandard housing, whether it's at Toronto Community Housing or Ottawa housing or in a not-for-profit, is one too many. That's why Premier McGuinty did announce a year ago, with Deb Matthews and I, as a prelude to the poverty reduction strategy, a \$100-million investment to repair and rehabilitate housing.

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I think, Mr. Hampton, you probably saw the stories in the Toronto media of 50 uninhabitable units at TCHC, and probably another 200 that could be on that list, that were in such terrible and deplorable shape that people couldn't live in them, so they were in essence taken off the list, which meant that people waiting for housing would have to wait even longer.

So the \$100 million saw an investment in Toronto of a little over \$36 million in 2008, and in Ottawa, I believe the share was approximately between \$8 million and \$9 million. I know the vast majority of that money has probably already been spent by now. We look forward to getting more money into the field to fix up and repair close to 50,000 other units.

Mr. Howard Hampton: The Wellesley Institute also says that Ontario has the largest number of households in core housing need who are in overcrowded conditions. In all of Canada, Ontario has the largest number of households in core housing need who are in overcrowded housing conditions. Do you agree or disagree with that assessment?

Hon. Jim Watson: If you would be good enough to send me a copy of the report, we could have it analyzed. I can't give you a blanket statement because I don't know what the situation is in BC, Alberta, Nunavut or the Northwest Territories.

I do know that one of the challenges that we keep hearing during our long-term affordable housing strategy consultation is that we need to invest in larger units, particularly because a number of new Canadian families that arrive in Canada traditionally have a larger family size than the traditional Canadian family. There are lots of bachelor and one-bedroom and two-bedroom apartments but obviously not enough for those individuals who have a number of children.

Mr. Howard Hampton: I wonder if you could answer this question: How does Ontario rank, compared to the other provinces, in terms of provincial investment in housing?

Hon. Jim Watson: I don't know, Dana, if you—we'd have to go back and compare that to all the other provinces and do our best to get back to you.

I think you have to take into account that it's not an apples-to-apples comparison. Ottawa, and Toronto in particular, have the largest influx of immigrants and new Canadians who, more often than not, do require affordable housing options. So to compare us to any other province, it really is night and day.

So, maybe on a per capita basis, there may be some justification for those figures, but I think you also have to take a look at the sheer size of our province, the vast geography, the number of new Canadians who arrive here and the number of Canadians who travel here for economic opportunities, because we're traditionally viewed as a lower-unemployment jurisdiction than perhaps some of our other provinces and territories. Obviously the demand is greater.

Mr. Howard Hampton: Statistics Canada says that Ontario ranks last in terms of provincial investment in housing.

Hon. Jim Watson: Then why did you ask the question?

Mr. Howard Hampton: You're the housing minister. I wanted to see if you knew.

Hon. Jim Watson: Well, we get the information, but if you have the information, you should provide it to us. We can't anticipate every single question you're going to ask us.

Mr. Howard Hampton: I wonder if you could tell us: How has the provincial government's per-capita investment in housing changed over the past 10 years?

Hon. Jim Watson: We'd be pleased to get that for you. Obviously, if you look prior to our government

taking office, it was relatively low because there was no money invested. We've signed the agreement with the federal government to the tune of over \$700 million and another \$622 million, so it's obviously gone up substantially over the term of our time in office.

Mr. Howard Hampton: In fact, StatsCan says that provincial housing investment in Ontario on a per capita basis is the worst of any province or territory in Canada. I wonder, how does Ontario compare, in terms of investment in housing, to the federal government?

Hon. Jim Watson: Well, I don't have the federal government's stats. You may have them, but I'm interested in Ontario's performance. I'm proud of the fact that this government has performed to secure two deals with the federal government. The previous government was not able to do that. We are seeing houses being built and we're seeing rent supplements being delivered. We're seeing home ownership programs that have brought great joy to hundreds of families in the province of Ontario. We have over 35,000 people with rent supplements, so I'm quite proud of our track record.

Could we do more? Of course. But these are solid numbers. When one of your colleagues calls \$100 million "crumbs," I think that's an insult to the service providers who are doing their best to provide affordable housing options for the people of this province. In my books, \$100 million is a lot of money.

Mr. Howard Hampton: In fact, Statistics Canada says that Ontario's investment in housing on a per capita basis is even worse than the federal government's per capita investment in housing.

But I wanted to ask you this: If you look at agencies like the Wellesley Institute, which deal with the question of the housing supply deficit—and they say it's the worst in Canada—and then if you look on the other hand at the investments, which are either the worst in Canada or the next-to-worst, as measured on a per capita basis, it would seem that Ontario has the biggest housing problem in Canada and yet has the worst investment record in the country.

Hon. Jim Watson: I think if you'd ever been to a federal-provincial-territorial housing ministers' meeting, you would see that the work that we've done compared to some of the other jurisdictions in this country is really quite enlightening. There is a housing crisis in every part of this country, including Alberta. I had a good chance to talk with the Alberta housing minister, with the territories, where obviously costs are quite prohibitive to build new housing, and we have worked hard as a province to lead the way to ensure that the federal government understands that housing is an important part of the national agenda. I would hope that you would join us and have your leader in Ottawa, Mr. Layton, put some effort and attention into creating a national housing strategy, just as we're in the process of developing a long-term affordable housing strategy. I know the other provinces and territories are seeking out our advice and asking how our process is going because they're interested in developing long-term affordable housing strategies, and I believe that

we have, so far, developed the best practice model in terms of consultation. We look forward to writing the report over the course of the next year.

The Chair (Mr. Garfield Dunlop): Something kind of quick there. There's about just less than a minute.

Mr. Howard Hampton: The other question I wanted to ask you is this: Overall, on the operating side, the Ministry of Municipal Affairs and Housing is estimating spending at \$738 million, a 5% cut from last year's estimates. Almost all of this cut is coming from the affordable housing program. Why, when Ontario is facing deep housing problems, with the recession generating growing joblessness and even more housing insecurity, is Ontario cutting back on its already low support for affordable housing?

Hon. Jim Watson: I'll ask the deputy to give you a more detailed answer, but one of the issues that we've dealt with is the ROOF program, which is rental opportunities for Ontario families, where we were not able to spend as much on the supplement program because we didn't have the applications, even though we went out twice—we worked with the Canada Revenue Agency to develop a mailing list of those individuals who met the criteria of ROOF. In fact, we fell short of applications.

You can't force people to apply, and that's one of the reasons why there was some underspending in the housing portfolio—

The Chair (Mr. Garfield Dunlop): Yes, Deputy, I think we'll let you start your answer at the beginning of the next round. We're already quite a bit over. We'll go now to the government members and Mr. Ramal.

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Mr. Khalil Ramal: Minister, welcome back to the committee. I have several questions.

As you know, Minister, many jurisdictions around the globe are concerned about global warming and climate change. Every nation, I guess, responds in different ways and puts different mechanisms in place to deal with this issue.

In Ontario, as part of our dealing with climate change, we're trying to preserve our nature and our climate by creating green space. Shortly after the election of 2003, we announced the greenbelt in the province of Ontario, which is considered by many as the biggest act of conservation in Canada and maybe around the world. To a certain degree, it's probably bigger than many different nations around the globe.

I still remember the debate around this issue. That debate took a long time, and many people came and presented and voiced their concerns. Some people supported this initiative and some others didn't support the initiative. Many municipalities complained and many municipalities welcomed this. Definitely, the environmental supporters and fans came and supported the government initiative in this regard. But there still remain a lot of technicalities to be solved in this issue.

Not a long time ago, I heard that you—your ministry, as a matter of fact—were trying to grow the greenbelt. In

your opinion and the opinion of the ministry, that greenbelt we have right now is not big enough, even though this greenbelt we have now in the province of Ontario is bigger than many different nations on the planet. Can you tell us why you want to grow it, and for what reason? Will that growth get the support of the communities and people in this province? Will it benefit us as a province and as people who believe strongly that we are the guardians of the land and think that it is our obligation and duty to preserve it for future generations as we got it from our ancestors, trying as much as possible to enhance it and provide a good future for the next generation?

Hon. Jim Watson: Thank you very much, Mr. Ramal. I'm pleased to talk about the greenbelt.

When I look back on my time as an MPP, the two pieces of legislation I'm most proud of—and I have some responsibility for both of them in an indirect way—are the Greenbelt Act and the Smoke-Free Ontario Act.

As we all look back on our own political careers, you think of those decisions you've made or those bills you've passed, sponsored or implemented, and you look back and you say, "These are the ones that I think will do an awful lot of good for future generations"—the Smoke-Free Ontario Act for obvious reasons. When people go into a restaurant today and they don't have to be asked, "Would you like the smoking section or the non-smoking section?" or you don't have to breathe in someone else's smoke in a bar or restaurant or banquet hall, that's a good thing.

The Greenbelt Act similarly: If we were to leave the planning to those people in the development industry, I suppose they'd keep some green space, but they would like to bulldoze as much as possible to create development opportunities, economic wealth and so on. I doubt very much that they would ever, in 100 years, protect 1.8 million acres of green space, basically in the greater Golden Horseshoe, roughly from Peterborough in the east all the way to the Niagara Peninsula.

When you look at that map, which I have in my office, you see things like the tender fruit lands of Niagara, which I know Mr. Craitor is very familiar with, and you see the Holland Marsh. Ironically, last night, the Speaker hosted a reception for those restaurants and facilities that use greenbelt produce, which was a wonderful opportunity to promote the greenbelt. This morning, a number of us were at a breakfast hosted by the Holland Marsh farmers. The Holland Marsh, of course, is an important part of the greenbelt. Protecting 1.8 million acres of land, which, as you know, is the size of Prince Edward Island, I think was a very visionary move on the part of the Premier and the government. That is land that is going to be protected in perpetuity for farming, for recreation and for the kinds of things that I think all of us would like to see future generations be able to enjoy.

In my hometown, we have a greenbelt as well, and we often refer to it as the emerald necklace of Ottawa because it surrounds Ottawa. Regrettably, Mr. Gréber, who was a French planner who helped plan the capital

with the assistance of the Right Honourable Mackenzie King, did not put in a growth plan at the same time. So, you have in Ottawa this unfortunate situation of this greenbelt but enormous leapfrog development taking place, whereas, in our greenbelt, it was put in place in tandem with a growth plan that brought some semblance of order to growth so that you don't have the kind of leapfrog development that you do have in Ottawa.

When you speak to outside experts—not ourselves; we're obviously biased in our appreciation and support for the greenbelt, but a group like the David Suzuki Foundation, they estimate that the ecological services and benefits provided by the greenbelt are valued at \$2.6 billion each year, and that's the approximate cost. The eight million residents in the greater Golden Horseshoe would have to be paying for clean water, scrubbing emissions going into the air and artificially pollinating crops. Friends of the Greenbelt Foundation president Burkhard Mausberg says that amounts to over \$10 billion in benefits since the greenbelt's inception.

I think the public is very much onside with us. There was a poll done by Environics conducted for the Friends of the Greenbelt Foundation, and they found that 93% of Ontarians support the greenbelt. I think any of us who have been to activities—I know there's the Tour de Greenbelt, which is a bicycle race, and there are other activities that are taking place in the greenbelt—recognize that this is something very special in the province of Ontario. Whether it's the Premier's initiative to protect a great swath of the boreal forest in the north or the work he has done with respect to implementing the Clean Water Act and legislation or the greenbelt, these are all parts of the puzzle to ensure that we pass on to the next generation an environment and an economy that's in better shape than we found it. I'm fond of quoting the founder of the modern-day Scout movement, Sir Baden Powell, whose simple philosophy on life was, "Always leave the campsite in better shape than you found it." When we look at the greenbelt, we are leaving the campsite, and in this case the province of Ontario, in better shape than we found it.

We undertook in 2003—we made a commitment in our campaign platform that we would create a greenbelt. We've done that. In 2007, we made a commitment that we'd bring in a process to expand the greenbelt, and in fact we've done that through regulation. We went about and consulted throughout the province. I took part in one of those consultation sessions, and we developed a series of criteria that were required in order to expand the greenbelt. We have said and I have said very clearly that under no circumstances are we going to shrink the greenbelt. If anything, it's going to grow.

The criteria must address six specific areas, and they are:

- (1) must come from a single or upper-tier government and is supported by a council resolution;
- (2) increases the greenbelt;
- (3) achieves the vision and meets at least one goal of the greenbelt plan;

(4) includes a natural heritage, agricultural or water resource system of a type consistent with and protected by the greenbelt plan;

(5) complements the growth plan for the greater Golden Horseshoe area; and

(6) complements other provincial policies, for example, clean water, GTA transportation and the like.

We also demonstrated our ongoing commitment to the greenbelt by dedicating an additional 1,500 acres of significant natural land to Rouge Park in February 2007. In the same month, we transferred 20 acres of environmentally sensitive land to the city of Burlington, which increased the size of Hidden Valley Park by 42%. In October 2006, we donated 180 acres of provincially significant land to the Hamilton Conservation Authority to create a new conservation area. We've done some very good work with the Greenbelt Foundation, which is tasked with promoting the greenbelt throughout the province of Ontario.

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I think, when you look back on the accomplishments of the greenbelt—and I want to thank the chair of the Greenbelt Council, who reports to me, Dr. Robert Elgie, a distinguished former member of the Ontario Legislature.

I just wanted to, if you'd give me a moment, list some of the awards that the greenbelt has benefited from. In 2005, the Greenbelt Task Force was awarded an urban leadership award from the Canadian Urban Institute to recognize the recommendations that formed the basis of the greenbelt plan. In April 2007, the Environmental Commissioner's office presented a special award to the Ministry of Municipal Affairs and Housing, nine other ministries and the Niagara Escarpment Commission for their contributions in establishing the greenbelt. In June 2007, the Canadian Institute of Planners, CIP, awarded the greenbelt plan the 2007 award for planning excellence in the category of environmental planning. I could actually go on for some time, but I won't take up your time—but it's to tell you how proud we are of the greenbelt. It's regrettable that not all members of the House supported the greenbelt, but it got a majority vote, and we're very proud of the greenbelt, the Greenbelt Council, the farmers who are farming the fields.

In conclusion, I've noticed in my own hometown the amazing number of new farmers' markets that have sprouted up over just the last two years or so. There are now markets at Lansdowne Park. There's a market in Cumberland. There's a market in Vanier now—of course, the Byward Market, the Parkdale Market. There are also markets in Old Ottawa East on Main Street in Stittsville. The farmers' markets in North Gower and Metcalfe and Carp have been around for a while. I'm sure I've missed some of them. But they're excellent examples of entrepreneurship by farmers and the community rallying together because people want fresh produce. You can't have fresh produce when it's on a truck coming from California, but you can get fresh produce if it's grown locally, and it's grown locally only because you have

protected and preserved prime farmlands. That's what the greenbelt is all about.

Mr. Khalil Ramal: Thank you, Minister. How is your plan to grow the greenbelt going to affect many different municipalities and communities? How do you see the working relationship between your ministry and other municipalities who have the right, by law, to do planning for their towns and communities?

Hon. Jim Watson: As I indicated, in order for the greenbelt to expand into any jurisdiction, we must receive a resolution, passed by either a single-tier municipality if it's a single-tier government or the upper-tier government, namely the regional government or the county government, that has the support of the majority on that particular council.

We have had some inquiries by municipalities. For instance, I met with the mayor of Oakville. He is quite enthusiastic about wanting to grow the greenbelt within his jurisdiction. In his case, I believe he would have to have the regional government's support as well, which is in Halton.

This is not being forced upon any municipality, but it's very much in a spirit of co-operation; that if a municipality does want to grow their greenbelt, they have to follow the six criteria that we laid out. We think it's a fair, reasonable approach to expanding this important ecological part of our province.

Mr. Khalil Ramal: Thank you, Minister.

How much time do I have left?

The Chair (Mr. Garfield Dunlop): You've got about six minutes left.

Mr. Khalil Ramal: Good.

Minister, I have important questions. As you know, the building codes in the province of Ontario and many different municipalities are very old. Many people talk about changing the building code. I know that Mr. Prue, at one time, introduced a bill about the fire code, which would have banned wooden—

Mr. Michael Prue: Fire escapes.

Mr. Khalil Ramal: Yes. Also, my colleague Linda Jeffrey introduced a bill about sprinklers. I know this creates a lot of debates, whether it's your bill, Mr. Prue, or Mrs. Jeffrey's bill. It's still being debated in many communities. Some people support the bill and some people don't. I had a chance to meet with the builders' association. I guess, Minister, they came and talked to you many different times about their objections to this initiative. I know many of us support it and fire departments support it for many different reasons. Of course, everyone has logical and scientific reasons for whether to support it or not support it.

I know you are going to do some kind of changes in this regard. Can you explain to the committee what you're trying to do, how you're going to implement such a bill or such rules to make sure all the building codes are being taken care of and the residents and the people who live in those homes or dwellings are safe, and, especially if a fire happened, there is a system in place to deal with it?

Hon. Jim Watson: Thank you for the question, Mr. Ramal. I certainly know Mr. Prue has an interest in this through his private member's bill and I also want to commend our colleague Linda Jeffrey, who has been very persistent in pushing the issue of fire sprinklers in homes.

We have brought forward an amendment that comes into effect on April 1, 2010, with respect to fire sprinklers now being required in new multi-unit residential buildings over three storeys in height. In addition, the amendment generally replaces some building code requirements that acted as alternatives to sprinkling.

The new requirements apply to construction under building permits applied for on or after April 1, 2010. We certainly received kudos from various fire officials and fire chiefs and so on. While some in the building industry were not supportive, they now have to comply with the new building code as of April 1, 2010. Requiring larger multi-residential buildings to be sprinklered will make safe buildings even safer and will bring Ontario's requirements generally in line with the model National Building Code of Canada and the codes in force in other Canadian jurisdictions. So in many ways, we were playing a little bit of catch-up.

This is dealing with buildings that are over three storeys in height, intended for apartment buildings, in essence; you can have a small apartment building but it's not intended for a stacked townhouse, for instance.

From our perspective, we think this is good public policy and we give enough time—people would say, "Why didn't you implement it sooner?" but we want to give enough time so that those people who are building condos or apartments or four-storey apartment buildings have enough time to change or alter their plans before they're finalized and before they apply for their building permits on or after April 1, 2010.

Mr. Khalil Ramal: I know the building code—

The Chair (Mr. Garfield Dunlop): Less than two minutes now.

Mr. Khalil Ramal: Okay—is not unified across the province of Ontario. Different municipalities have different codes, different requirements. I'm not sure, when you were a minister, when you got elected, if you tried to unify the rules and requirements across the province of Ontario.

Can you tell us how best, in your opinion as a minister, to bring in such a building code that can unify the whole province and can be governed by one rule?

Hon. Jim Watson: Sorry, can you repeat the question?

Mr. Khalil Ramal: We're talking about building codes. Different cities have different requirements. You are about to bring change to the building code in order to create a system for the whole province.

Hon. Jim Watson: This is a provincial mandate. Rob Taylor can answer more specifically, but the building code is the responsibility of the Minister of Municipal Affairs and Housing and the municipalities have the responsibility for adhering to the building code and inspections on the ground. Then there is also a national

building code and I believe, if I'm not mistaken, Mr. ADM, that this now brings Ontario to the same level as every other jurisdiction that requires sprinklers in buildings over three storeys.

Dr. Rob Taylor: Yes. It would be consistent with the national building code as well, for that particular standard.

Mr. Khalil Ramal: So it would be unified with other provinces. It would be the same law that applies in Ontario applies everywhere in the whole country.

Dr. Rob Taylor: Yes.

Hon. Jim Watson: That's right, for buildings over three storeys. That's correct.

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The Chair (Mr. Garfield Dunlop): Thank you very much, Mr. Ramal. We'll now go to Ms. Savoline for the official opposition.

Mrs. Joyce Savoline: Thank you, Mr. Dunlop.

The Chair (Mr. Garfield Dunlop): Thank you.

Interjection.

Mrs. Joyce Savoline: You had to be here yesterday.

I want to talk about volunteer firefighters, something that I know in Burlington we value extremely, not just for the risks that they take and the heroism that they perform, but also, quite frankly, because they do it for a pittance and they're volunteers. It really helps communities in their bottom line when volunteer firefighters are either the whole firefighting service or it's a composite.

In May 2007, the House unanimously passed the presumptive legislation, and I believe it was first talked about in the House by the New Democratic leader now, Andrea Horwath. The government pursued that initiative and brought forward the presumptive legislation. A great thing: no argument with it at all. In fact, I fully support it. Full-time firefighters are provided this extra coverage for up to eight kinds of cancer, and also if they suffer a heart attack within 24 hours of fighting a blaze.

At the time, the government committed to include volunteer firefighters in the presumptive legislation, but to date nothing's happened. Your government hasn't acted on that to provide that same kind of protection to the men and women who are doing the same kind of job as full-time firefighters. Is it something that you and your government are considering in the near future? This would be of huge importance, especially to small and rural municipalities, where volunteer firefighters are predominantly the service that fights fires. Given the precedent set by the presumptive legislation, the municipalities may find themselves on the financial hook for anybody who uses the full-time firefighter presumptive legislation as a precedent. Are you any time soon going to be providing this same protection to the volunteers as you do to the full-time firefighters?

Hon. Jim Watson: Thank you, Ms. Savoline. As you know, that particular piece of legislation was introduced by the Minister of Labour. The other minister who has responsibility for the relationship with the firefighters, both volunteers and full-time, is the minister of public safety. So I can tell you, from the municipal affairs and

housing point of view, that the issue you've raised is going to be discussed tomorrow at our monthly MOU meeting: it's on the agenda. I can't prejudge what AMO is going to say and so on, but if there are other specific questions with respect to possible government action, it would fall under the Minister of Labour or Minister Bartolucci.

Mrs. Joyce Savoline: And I understand that, Minister. However, as the voice for municipalities within cabinet—I know that this is of great concern to the small and rural municipalities—it would behoove you to speak on their behalf to make sure that they're not left on the hook for the huge financial exposure that may—and probably will—come their way as a result of the labour minister not extending the same protection to the volunteer firefighters as there is for the full-time firefighters.

Hon. Jim Watson: That's one of the reasons why we're pleased that the item's on the MOU table tomorrow.

Mrs. Joyce Savoline: Yes. Okay.

Investing in Ontario: When this was first brought out, in the first year, there was a split of money, and I think we talked about this on one of the first days of questioning, consistent with the provisions that were required when the province transferred the payment to the municipalities, whatever those amounts are.

The province also created criteria that said that you had the right to recover funds if the monies were not used for capital purposes. It included a requirement for a report on the use of funds and the planned communications, I guess, whereby municipalities would include the fact that the province had given them the money to do a certain project. Could you advise me, Minister, if any funds have been recovered by your ministry from a municipality that didn't use it or didn't use it properly, and which municipalities those may have been?

Hon. Jim Watson: I will refer that question to the Minister of Finance, because it's the Minister of Finance who administers the investing in Ontario program.

I know it was very well received by the municipal sector. In your case, your community of Burlington received \$7.3 million, which I'm sure they've put to good use and spent it all. I think they are like us with the federal government: They don't want to send any of the money back, I suspect.

On the report-backs that were required by the Ministry of Finance, we can certainly determine if any of the funds have been received, so we will pass that inquiry on to the Minister of Finance.

Mrs. Joyce Savoline: Thank you. The Ontario disaster relief assistance fund: There's a public component and a private component to that fund. In the 2008-09 year, \$4.5 million in disaster assistance went to about nine northeastern and northwestern communities in Ontario. Most of that, I think, was to recover from the summer storms that we've been experiencing of late. It doesn't appear in public accounts, so it's unclear how much is allocated to the program each year. In 2008-09, \$4.5 million was provided to these nine communities.

Could you please list for me which nine communities and what were the natural disasters that affected them?

Hon. Jim Watson: Sure. The figure that we include in the budget is a placeholder figure, I believe, of \$1,000 because you never know how many you're going to have to fund. The requirement is that we go to Treasury Board when I've declared an area a disaster area for the purposes of ODRAP.

I can go back to 2008-09, if you'd like, and list those for you, with the amounts. These are all for flooding, this first group in 2008-09: the municipality of Neebing, \$455,000; the municipality of Oliver Paipoonge, \$126,214; township of Conmee, \$162,890; township of Dorion, \$55,442; township of Gillies, \$214,199; township of O'Connor, \$728,499; and the township of Shuniah, \$51,546. For that particular incident, it was \$1.793 million. The next one, flooding in townships of Bonfield and East Ferris, was \$2.47 million; that was as a result of an event on August 5, 2008.

The government also provided \$300,000 to Haldimand county and \$100,000 to Chatham-Kent towards private ODRAP assistance, and fundraising is currently under way with those municipalities. In June 2008—sorry, that's the one I just referenced.

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Those are the ones that have been approved, and then there are a number of others that are pending. I can tell you, for instance, we have agreed with the Town of the Blue Mountains, the municipality of West Grey and the municipality of Grey Highlands, as a result of a severe storm and tornadoes, that we will provide funding, but we don't have a figure yet because they've just started their fundraising. It's the same with the township of McNab/Braeside for flooding from July 24. That was the same situation. They're in the midst of their fundraising, so we won't know the final count until they submit it.

Mrs. Joyce Savoline: Of all the municipalities that applied, were some denied? How many and who are they?

Hon. Jim Watson: Yes. Hamilton and Sudbury were the most recent that were denied from their incidents on July 26 in Sudbury and July 26 in Hamilton.

Mrs. Joyce Savoline: Going to the private sector, over the past two years how many small businesses and working-farm farmers applied for assistance under ODRAP? How many applicants actually received the funding? What was the amount and how many were denied?

They're basically the same questions as the previous question, but now for small businesses and working farms.

Dr. Rob Taylor: Maybe I'll just explain a little bit. The ODRAP program, disaster relief assistance program, is managed through the municipality. What we do is we work directly with that municipality, and they will, along with ourselves, go out and assess private damage that is uninsured. So we don't cover insurance coverage. In those instances, they will go out in each situation, they will set up a disaster relief committee, and then we will

provide funding up to 2 to 1 to whatever they raise to cover up to 90% of the costs that are uninsured.

Each situation is a little bit different. It will be the municipality that will have a lot of the details of who they've been engaged with, and people have to apply through that local municipality.

Mrs. Joyce Savoline: Okay, so you wouldn't have any of that information?

Dr. Rob Taylor: We can endeavour to get the individual information, if it's on specific events.

Mrs. Joyce Savoline: Okay. I want to move on, then, to the business continuity planning. I guess we're embarking on our flu season now. In the event of a disaster or a pandemic, it will be essential for all our local municipalities to continue to provide the essential services. We all know what those are: They're water, sewer, police, certainly fire, and in a lot of cases, probably the social service staff who are seeing people in crisis. Crisis doesn't wait for a pandemic to be over; it's immediate. These municipalities have to have a complete disaster recovery or business continuity plan.

Some of these plans can be expensive to put in place, and again, I'm talking a little less about the more sophisticated municipalities, a little bit more about the smaller and more rural municipalities. Given that they would be more stressed in a situation, will your ministry begin to fund the completion of these plans so that all municipalities are ready in the event of a disaster or a pandemic?

Hon. Jim Watson: It's not our intention, through our ministry, to fund that work at the municipal level, but the prime responsibility for the planning obviously falls to the Minister of Community Safety. I can certainly relay your question to him, but we don't have a provision in our budget to provide that help. We obviously have regional offices that are more than willing to work as liaisons with the Ministry of Community Safety to help smaller communities, but by and large, that lead ministry is the minister of public safety.

Mrs. Joyce Savoline: Again, municipalities look to you for the help, and that's why I asked you the question.

Is there consideration for, or perhaps is there a template for putting such a plan together that municipalities can work from?

Hon. Jim Watson: Deputy, are you aware of a template? I know that I sit on the emergency management committee of cabinet and we have been having, obviously, a series of meetings dealing with the potential of a pandemic, but since we're not the lead on it, I'm not sure if we're the ones who are putting together those templates for municipalities. Deputy?

Mr. Fareed Amin: Thanks, Minister. We're working very closely with our colleagues at the Ministry of Community Safety and Correctional Services to ensure that the municipal component gets addressed. We're also working closely with Emergency Management Ontario. We are doing our best to make sure that we reflect some of the issues and concerns expressed by our municipal colleagues into that. The Ministry of Community Safety

has a lot of expertise in this area, and they're also trying to transfer some of that knowledge to the municipal sector.

Mrs. Joyce Savoline: I'd like to turn now—how much time do I have left?

The Chair (Mr. Garfield Dunlop): About five minutes left.

Mrs. Joyce Savoline: Then this will probably finish it for me for this round. With respect to ongoing, stable funding, predictable stable funding: Last year, in response to a lot of requests from municipalities for that predictable funding, not the one-off's that we'd been used to over the last few years from both the provincial and federal governments, the federal government got it, and they announced that in their 2008 budget the gas tax fund would be extended at \$2 billion a year beyond 2013-14 and become a somewhat permanent fixture. That way, it enables municipalities to actually plan their projects and their programs. It's especially important, again, to smaller municipalities. So this permanent \$2-billion gas tax fund will also help deliver on the infrastructure which will help create jobs, and so the cycle continues.

We don't have that kind of long-term, stable, predictable funding relationship that will advance municipalities in the way they can plan their projects and plan for their municipalities. Is it something you're considering so that they can plan ahead to the future and they know that the money's going to be there and how they can make their plans?

Hon. Jim Watson: Thank you very much, Ms. Savoline. In fact, I would argue that we have a very positive, ongoing relationship with the municipal sector in terms of providing predictable and stable financial help. The gas tax, which was an initiative our government brought to bear at the provincial level in 2004, I believe, has seen approximately \$1.6 billion in gas tax money delivered to the municipal transit systems by 2010. This past year, \$321 million went to the municipal transit systems. So that is a permanent, steady, reliable, predictable amount of money that goes to municipalities who run transit systems.

The Ontario municipal partnership fund is also a reliable, stable fund. When you take out the years that we have provided top-up money or mitigation money, it has been a significant stream of revenue for 405 of 444 municipalities. In 2009, for instance, OMPF funding that flowed from this government to the municipal sector was \$949 million. In addition, as a result of the Provincial-Municipal Fiscal and Service Delivery Review, one of whose purposes was to lay out that long-term road map, as you talked about, it does provide benchmarks. I would encourage anyone to review the chart on page 15 of the review. It shows that when we took office in 2003, the actual total operating dollars to the municipal sector were just \$1.07 billion. By the time the entire agreement is implemented in 2018, that figure will jump significantly to \$3.8 billion. That is a \$2.7 billion, or 250%, increase in operating money between 2003 and 2018. Once that

benchmark is met each year, that money is locked in, and it's net dollars to the municipality through the savings of uploading of ODSP, Ontario Works, court security and prisoner transportation.

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The most stability and the most reliability I think that municipalities have ever seen was when they put their signature on this document with us back in October of last year. That was one of the overriding concerns that the municipal sector asked of us. While they appreciated one-time money, you can't plan very well or very long term.

The Investing in Ontario Act was another example of how we were trying to develop a more long-term strategy, but it was pending a surplus. We did well with that first year of Investing in Ontario, when I think a little over \$1 billion flowed to the municipal sector on a per capita basis.

Mrs. Joyce Savoline: Can you guarantee there won't be any clawbacks?

The Chair (Mr. Garfield Dunlop): Sorry, that's the end. We'll maybe get to that in the very last round.

Mrs. Joyce Savoline: You can think about it for 40 minutes.

The Chair (Mr. Garfield Dunlop): Okay. Mr. Miller, you were asking questions on behalf of the third party?

Mr. Paul Miller: Just a couple of questions. I did a kind of drop-in here, but there's one particular item that I'd like to get on the record that has frustrated me. The minister did reply in good time and, of course, the people of Hamilton were not happy with his answer. In reference to the disaster relief fund, I believe one of the deputies mentioned that there's a procedure that is in place that the municipality will match the Ontario government dollar for dollar, or—I don't know what the ratio is. But what has happened here is that my municipality and my mayor actually applied—did the due diligence, applied, asked for disaster relief. He made it quite clear that it was for uninsured people. What the ministry's not taking into consideration is the fact that because there have been so many floods in that area in the last 10 years, some of the insurance companies won't even insure people in our municipality. We're in the neighbourhood of probably \$20 million to \$30 million of uninsured damage. The city has done the best they can with their resources. They've stood up with quite a bit of money to the municipality, but it falls way short of the coverage required.

The letter I got from the minister was to the fact that they felt the resources in Hamilton were good, which they're not. We have terrible infrastructure deficits in that community. Yes, there has been an influx of some money federally and provincially, but it nowhere meets their requirements. Also, the fact that the letter also said that the minister had decided that we didn't qualify for the assistance—I have a real problem with that.

This has been a major problem in the Hamilton area for years. Yes, we are red-flagging the parts of the system that are weak and trying to rectify the situation, but what I'm trying to say is that this disaster relief fund is actually

what it says it is: It's to help people or municipalities that are uninsured for whatever reason to get through—this was classified as a 100 years' storm, I believe.

In Hamilton, we try to take care of ourselves and we don't call on the government very often for assistance in these types of things. I feel that this is a bad decision and the people in my community feel that it's a bad decision, and we think that you should reconsider your decision to help Hamilton, because we did put money forward. We're not asking for the full amount. If you could at least match the municipality dollar for dollar, I believe, but I could be wrong, that we're in the neighbourhood of \$10 million to \$12 million that the municipality will be paying out. Don't quote me on that, but it's close to that.

I'm thinking that's what that relief fund's for, and it would be the right thing to do for the government to step up, dollar for dollar, to assist us and the people in my community. As you know, we've been hard-hit economically—I know it's kind of off topic—by job losses. My area was the one that was hit the most. Hamilton East–Stoney Creek had a 116-millimetre downpour in a matter of two hours. It was like a funnel that went right down east end Stoney Creek.

Obviously, I've been fielding a lot of calls and a lot of pressure from my area. It doesn't matter who represents them. It doesn't matter if it's Liberal, Conservative or NDP. This is not what it's about. It's non-partisan. It's people in need. I think the government should step up to the plate and help these people, help the municipality, match them at least dollar for dollar so that we can rectify some of the damage.

Twenty per cent of the people in my community, Minister, are living below the poverty level. I don't know if anybody can relate to that in this room, but the bottom line is, when you can't even pay your hydro bill, and you've got a rec room that's been there for maybe 20 years or 15 years and has been hit five or six times, the minimal damage to repair a finished rec room would be \$20,000 or \$15,000, even if it wasn't a really fancy one. These people just don't have the money. Not only will you get the damage, you get the rot and mould and health problems that are setting in now in my community. Now it's going to cost the province a lot more money in the health system for some of these people who could have a long-term disability or a long-term effect from the mould and the things in this basement.

I really feel it's a shame that this ministry is not stepping up to the plate for the people of Hamilton in this area. They need the help and I'm not quite sure—it wasn't defined to me, the criteria—why they were turned down. I talked some with the minister, and he enlightened me a little bit, but, with all due respect, I feel that that fell short of a decent answer to our problem. I'm hoping that you'll reconsider and do something because the people in my area are in rough shape.

Hon. Jim Watson: I'll ask Dr. Taylor to bring you through the criteria that have to be met in order to be eligible for the program.

Before I do that, let me just offer a couple of comments. First of all, as I said in the House to you and your constituents, I'm very sympathetic to the challenges they're facing. I know there was similar flooding in Sudbury, Kanata and west Carleton. In the case of Ottawa, they didn't pass a council resolution so there was no formal request to my ministry, but Mayor Eisenberger and the council of Hamilton did, in fact, follow the rules that were required for us to give consideration to the application.

As you can imagine, with any government program there are certain thresholds that have to be met and certain rules. We can't simply open it up if someone feels that they should get some compensation and say, "We'll just give it to you," because we obviously have to live within the financial reality that every government has to live with. This is a program that's been in place for decades. The same threshold and rules, I believe, have been followed. Sometimes a community does qualify, and sometimes it does not qualify.

While I have appreciation for the challenges the residents are facing, I do want to commend the city of Hamilton because it's one of the few cities that actually does provide a grant to every homeowner that was affected. It started as \$1,000 and, I believe, it went upwards of \$3,000. I congratulate and commend the city of Hamilton for that.

We don't want to leave the impression that the government has turned its back on Hamilton. The city of Hamilton has been very well treated in terms of financial grants and contributions over the years. In 2008 we provided \$53 million in unconditional grants that, by their very nature, could be used on whatever the community felt was a priority, and \$217 million in conditional grants to assist with infrastructure challenges. That is just the tip of the iceberg in terms of funding that we have provided that has freed up the municipality to do the kind of work that I believe would be helpful to prevent these kinds of basement floods in future.

I want to quote Mayor Eisenberger, who wrote to me in November and said:

"I wish to express our sincere thanks to the McGuinty government for providing an additional capital grant of \$48 million to the city of Hamilton under the Investing in Ontario Act. I applaud your willingness to continue working together with our city and other municipalities, as well as your prudent decision to continue investing in our communities.

"I also wish to acknowledge that the provincial government has been extremely responsive to the unique needs of the city of Hamilton, recognizing that our community still faces some exceptional concerns."

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I could go down at some length—the \$110 million in transit, \$156 million in highway infrastructure; roads and bridges, \$136 million—

Mr. Paul Miller: Can I interject one minute?

Hon. Jim Watson: —the MIII, \$14 million, and—

Mr. Paul Miller: Minister, actually, with all due respect, you could go through a whole list, I'm sure—

Hon. Jim Watson: That was it. I was just going to hand it over to Mr. Taylor to give you the correct—

Mr. Paul Miller: I listened to what you said and the bottom line here is the mayor is doing what a mayor does. The mayor is not going to hit a gift horse in the mouth. He's going to thank you for anything. The bottom line, that's the way it is.

I know it sounds like a lot of money, but our Woodward plant alone, the waterworks, requires \$460 million to bring it up to where it should be to handle the volume that we've got now with the building that's been going on in the suburbs. That falls quite short. Even all the money you put together on that list would not qualify to fix the Woodward plant. We've gone after the feds too for money. I'm not putting it all on your shoulders.

But with all due respect, your grants to the city that you're talking about do not help the individual homeowners. The city will decide where they put the funding. I'm sure, in most cases, it doesn't go into people's basements. You thought that the city was very generous with their \$3,000. All we had, actually, to give them was \$3,000, up to \$3,000.

With all due respect, some of these people have been gouged by these cleaning companies that have gone in to do their basements. The average basement cleanup—this is just cleanup, removing the stuff that's there, the damaged stuff, and doing the proper cleaning—is between \$4,500 and \$6,000, just to clean it. That's not counting all the damaged furniture and all the other things that they have to replace. So if you're on a fixed income of less than \$25,000 a year, and you've got \$20,000 damage in your basement, that basement is not going to have much furniture for a long, long time.

So, yes, you give—I'm sure a lot of money goes to Ottawa too. You give a lot of money to a lot of communities; there's no doubt about it. You do what you can within your budget. But when it comes to an emergency and disaster relief, all these other trappings do not help the individual homeowner. This is what you've got to look at, and that's why they call it a disaster relief fund.

Now, I'm not sure what you're doing about the tornado. I mean, maybe we should have applied before—we tried to handle it ourselves but we couldn't. Then the tornado hit. I don't know if you've had any applications for funding for that and what you're going to do about it. This is a 100-year storm, Minister. You've got damage here that was way beyond the norm. One storm was half of that, and I had maybe 1,200 homes—we're talking 6,000 homes. This is big stuff. This is a major hit.

You can say what you did, and that's fine, and you did give out that kind of financial assistance in other areas, or whatever the municipality decided to do. We're so starved for money in Hamilton. We used to be 70% industrial for our tax base and 30% residential; right? That's reversed. We're now 70% residential and 30% industrial, for whatever reasons: the economy and com-

panies leaving. So this burden is passed on to the individual residential tax-bearer.

I want to clarify and make this perfectly clear: Hamilton is not the norm for wages. Hamilton and the east end of Hamilton are not the norm in Ontario for wages. We pay the second-highest residential taxes in all of Ontario, next to Oakville. So when you're living below \$25,000 a year in a modest wartime house—you quote all these numbers that you're giving to the community. We appreciate anything we can get, but this is a situation in which the people in my community in particular have been hit exceptionally hard. This is a one-time—hopefully we don't get hit like this again, with 116 millimetres in two hours. I don't think that it should happen again, unless a tsunami hits us or something.

What I'm saying is, you can't deflect this to the city. It has to be the individual people, the taxpayers of my community, who pay their taxes, work very hard—for very little money, in some cases—and they're asking for your help, your government's help. I feel, with all due respect to you, that you have turned your back on the people—not necessarily the municipality and what you give them for grants for projects. There are announcements done occasionally when the government comes into town; that's true. But this is not looking at it from an individual perspective. You're looking at the big picture, and I do believe we qualified. To this point, with all due respect to your deputy and to you, you haven't shown me why they failed the criteria. It's just that they didn't meet it. I don't have any individual reasons why they didn't meet it and I'm sure that I could poke holes in the reasons why you didn't give it to them. I'd like to know exactly what happened, why they don't get it and why they don't qualify. With all due respect to Mayor Eisenberger, he's doing what he's supposed to do as a mayor: thank anybody who helps our city. But surely, Minister, it falls far short of what the people in my community are asking your government to help them with.

Hon. Jim Watson: Thank you, Mr. Miller. I was about to hand it over to Dr. Taylor, who would bring you through the criteria, because while I appreciate your passion, there has to be some system in place that municipalities apply to. We have this system in place. It was in place when the NDP were in power. They didn't change the rules on a case-by-case basis. They followed the same criteria that were set out; otherwise, this would be a bottomless pit of money that we just cannot afford.

You may think the figures that I've listed are insignificant; I think they're very significant. I challenge you to go back over the last eight years of the previous government to find out how much money Hamilton got. When Hamilton gets money, that takes the burden of pressure off municipal property taxpayers and it also allows the municipality to free up funds, to fix old sewers, water treatment plants and the like so that we can put more money into preventive maintenance so these individuals who have suffered greatly won't have to suffer again in the event of another severe storm as you

saw on July 25. An ADM will now answer the question, because I think—

The Chair (Mr. Garfield Dunlop): There's five minutes left—

Hon. Jim Watson: If Mr. Miller wants an answer, he's going to hear it right now; otherwise, I'm not interested in a debate. If he wants an answer, he'll get it now, or we'll move on.

Mr. Paul Miller: It's not a matter of debate. I just want to—

Hon. Jim Watson: I'm sorry; I've given you ample opportunity. You asked me a question. That's how estimates works—

Mr. Paul Miller: With all due respect, I wanted to ask you to—

Hon. Jim Watson: Let him answer the question first, please.

Mr. Paul Miller: I want the word "disaster" defined by you. A hundred and sixteen millimetres in two hours is a disaster, Minister.

Hon. Jim Watson: Mr. Miller, you've asked twice and you've interrupted twice. If you're interested in an answer, my assistant deputy minister will go through the program.

Mr. Paul Miller: I'll be waiting with bated breath.

Hon. Jim Watson: And I'm sure you'll have criticism after the answer.

The Chair (Mr. Garfield Dunlop): Let's hear the answer from the assistant deputy minister, okay?

Dr. Rob Taylor: What I'll do, in consideration of the time element here, is go through a couple of tidbits just for clarification, then I'll go through the criteria and a little bit of insight in terms of some of the assessment that we undertook as well.

Just to go back a little bit, the Ontario disaster relief assistance program is not a substitute for private insurance coverage. Our focus is on the uninsured, as mentioned, and it also, just so you appreciate, is not a full cost recovery when we do consider the program. It looks only at essential property. So there are certain elements, whether it's landscaping or other components—for example, in a rec room or something like that—that would not be considered. Again, we look at sudden, unexpected natural disasters. In this case, there was actually a one-in-200-year flood event that was assessed by the city's engineering department. It was compounded by the fact that the sewer backups were not able to maintain, and so you had backup because of the inadequacy of the sewer system. That's another consideration in terms of, we're focusing predominantly on natural disasters and then when it gets compounded by other things, we have to take that into consideration. So that's one of the criteria.

The other thing that we look at is the financial capacity of the affected municipality to be able to respond, withstand and manage that on their own basis. So we will look at the financial stats of the municipality, and that is something we do on a regular basis. We look at that information to make a determination of whether or

not there is a capacity to manage the situation on their own. Those are the criteria that we take into consideration.

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In this particular case, again, there has been reference to a wide variety of damages on the private side in the magnitude or order of \$20 million to \$50 million, and then \$12 million for the public. That's overall impact. We sent a team in, which included members of our ministry, members of other ministries—this is a provincial disaster assessment team. They go in, and this is what we do on a regular basis after an event happens. They also include an independent insurance adjuster. The assessment that came back was that the damages on the private side were \$6.5 million, and on the public side, \$2 million to \$3 million. That's the uninsured component. That's substantially lower than the overall cost. When we take that into consideration, based upon the financial capacity of the municipality, that's where our assessment is that we believe that there was sufficient capacity locally to be able to manage, given reserves, the debt ratio and other matters of the financial capacity of the municipality.

The Chair (Mr. Garfield Dunlop): We're down to just a minute left. If you've got a quick question, Mr. Miller, or response to that.

Mr. Paul Miller: No, I just have a closing comment. I like what you told me, but frankly the assessment guy that you used from the government falls way short from what we've been getting. I don't know what private sector guy you used for your assessments, but I know for a fact, in my community alone, it far exceeds his estimates. I don't know who he's working for, but he must have had a bag on his head, because we're a lot more than this. Trust me, there have been claims put into the city, and a lot of them were not exaggerated; they're considered on an individual business, and they sent inspectors out to see if this guy was trying to get extra money out of the city for repairs that aren't necessary. Even the backflow regulators that they want to put into the system are going to cost more than the money that—the city has offered a little bit for that too.

I'm mind-boggled by the amount that you guys have come up with, because it sure falls short of the \$20 or \$30 million that I've been told, by the city, for private damage. Some of that would be covered by private insurance. But I'm trying to explain to you, after four or five times, what has happened is that the Ministry of the Environment has allowed too many systems to go in there. The volume has exceeded the ability of the Woodward plant to take in during a major storm, because now we've got lots of surveys going above Hamilton on the mountain. You've got smaller pipes taking the volume down in the city, and that's where you get your backup, because they haven't—that's another story; you're not the Ministry of the Environment.

The Chair (Mr. Garfield Dunlop): Okay. We're over time anyway. So thank you for that. We'll now go over to the government members for questions. Mr. McNeely.

Mr. Phil McNeely: Thank you, again, Minister, for being here. One of the issues that I just want to talk about is conservation. I think it relates to the last question where the major storms are happening more frequently. We had two of our own in Orléans, and they were both deemed to be over one-in-100-year storms. There was significant damage. Again, we looked at it and the city was large enough to capture it. The criterion that we just heard seems to be the one that works.

The Green Energy Act now has come up. One of the things in the Green Energy Act has been that they're going to add energy conservation as a purpose of the Ontario building code. I believe we're rolling out the feed-in tariff regulations, the guidelines for wind farms etc., and the next stage that we'll see with the Green Energy Act will be rolling out the regulations that have to do with conservation, and that was my own private member's bill, the energy audits on homes etc.

I had mentioned before that I think \$900 million is being put into conservation investments by the province. I'm not sure over how many years; I think it's three years, but it's significant. Approximately 20% of the province's requirements for energy can be achieved through conservation over the next 20 years. It's something like 6,200 megawatts, if I'm correct, out of a total of maybe 25,000 megawatts, but something in that neighbourhood. Conservation is probably the most economical way we can provide sufficient energy in this province, and it's moving forward.

As the regulations roll out—I'm just thinking that in my own home, I'm putting a 10-year roof on it. I'm replacing 10-year shingles. I bought it new 10 years ago, and right on the button, I have to replace the shingles after 10 years. I just wish that I'd paid the extra \$1,000 then and had 30-year shingles, which I'm putting on now. At my age, maybe that's not a wise decision, but we'll have to see.

Mr. Paul Miller: You won't need any disaster relief on that house.

Mr. Phil McNeely: But the issue is fairly large. Housing represents a big part. I know the province is moving ahead with higher energy standards for their own buildings. A lot more is going to roll out over the next few months. I was speaking with Minister Smitherman on that today.

I'm just wondering—I worked with the city of Ottawa on the Better Buildings program with Chuck Wilson back in 2001-02. We were trying to improve the energy standards of new homes, because it's fine to have homes that were built when we didn't know any better in the 1970s, 1980s and 1990s, but as we get into the new reality of energy costs and greenhouse gases, then it's important that we cut those costs. So we see energy conservation as a purpose of the Ontario building code.

I'd just like to hear, possibly from the minister or from the deputy minister, what does that mean to you? Because I haven't heard what it's meant. We haven't rolled out those regulations, but what do you see as the

changes coming with the Green Energy Act and what impacts will it have on housing and the building code?

Hon. Jim Watson: Thank you very much, Mr. McNeely. I think you, more than most of us in this room, are well aware that the government is committed to building a stronger, greener economy, protecting our environment, combatting climate change and creating a healthier future for future generations.

The Green Energy and Green Economy Act, 2009, which you're very familiar with, will facilitate the development of renewable energy and promote a culture of conservation, making Ontario the North American green energy leader.

Our ministry does have a key role to play, and that is through the building code, which we have responsibility for. The Green Energy and Green Economy Act makes several amendments to the building code, which we obviously concur with. They include clarifying that the existing conservation purpose of the code includes energy conservation and water conservation; adding a requirement that the energy conservation provisions of the building code be reviewed within six months and every five years thereafter; and establishing a building code energy advisory council. We are currently seeking members for that council, so I'd encourage all members to ask individuals who they think would be helpful to sit on that particular building code energy advisory council to submit their names and resumés to my office.

The work of that particular council and the review of the energy efficiency provisions of the code will support the development of the next edition of the building code, which is anticipated to be released at the end of 2011. Enhanced energy efficiency requirements for houses and larger buildings and the promotion of green technologies are anticipated to be key aspects of that next edition of the building code, coming out in a couple of years.

I want to just quote a couple of people who understand the connection between the building code and green energy. Stephen Dupuis, who some of you may know—he writes a column every so often in the Toronto Star and he's the president of BILD, which is the Toronto Home Builders' Association—says "Leith Moore," who is the chair of BILD, "acknowledges that if the code is to be 'king,' it has to continually evolve, which is why he welcomes the Green Energy Act. 'We as an industry have to be open to regular review of the Ontario building code to capture new innovations and best green practices.'" Then Jane Story in the Northern Ontario Business publication on June 20, 2009, said, "In the new Green Energy Act, the provincial government is setting the stage for the comeback of community power with profitable prices for renewable energy, changes to existing legislation that allows for the establishment of energy co-ops and provisions that will encourage municipalities to produce clean, sustainable power."

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We're very much in step with Minister Smitherman in the work that you and he at MEI are doing, Mr. McNeely. I also want to commend you for the work that you do,

particularly with schools in your riding and the challenges, contests and awards programs that you bring for climate change in your private member's bill.

I also want to talk a little bit about municipal capital facilities. As part of the green energy initiative, the government is amending regulations under the Municipal Act, 2001, and the City of Toronto Act, 2006, so municipalities may partner more easily with other municipalities and the private and not-for-profit sectors to invest in sustainable green energy infrastructure. This is something that the municipal sector has been after for some time. We are adhering to their request. It's an approach that's familiar to municipalities as this has been used for delivery of other municipal facilities, such as affordable housing and recreation centres. These amendments speak to the government's commitment to support community power through municipal investment and community renewable energy projects under 10 megawatts. It's one of the ways the province is encouraging municipalities to lead the way in creating more renewable energy sources and develop sustainable communities for the future.

We believe that the work we're doing with the building code, and the creation of the Building Code Energy Advisory Council that will give us good objective, outside advice, will go a long way to not only helping the environment, which is of paramount importance, but also saving the municipal sector and individuals in communities a substantial amount of money.

If you look at a house that was built 40 years ago compared to a house today, with the type of insulation and the types of windows and appliances, it really is night and day. We've come a long way. But at the same time, if you look at a house 40 years ago and the amount of energy consumed today, we didn't have microwave ovens, we didn't have DVD players, we didn't have VHS or CD-ROM players, we didn't have BlackBerrys that recharged at our homes overnight. It would be interesting to draw a picture of a house from 40 years ago and today and the number of outlets, plugs and so on you need today for all of the gadgets that we have. Look at kids today: Even their exercise equipment is a Wii that requires electricity. While we're all sitting at the kitchen table on BlackBerrys, they're playing their Game Boys and Xboxes. They all require an enormous amount of electricity and power.

We're never going to be as successful in hydro-electricity as they are in Quebec or Manitoba because of the topography of those two provinces versus Ontario. In Mr. Craitor's part of the world, we're doing our best to squeeze as much energy out of hydro as we can, but those resources are limited, so we have to do a better job of energy efficiency in the building code, in our homes, in our offices and in our public facilities, as well as in energy conservation. Those have been some of the pillars of the McGuinty government's effort to not only take advantage of the technology and the knowledge that we have in the 21st century, but to actually take advantage of the job opportunities and the economic growth. We want to be able to create more wind power and more solar

power. We'd like to be able to see some of those windmills, turbines and parts manufactured in Hamilton, in Toronto, in Ottawa, in Sudbury—throughout the province—so that those good jobs can remain here.

I always cringe when I see one of those great lathes from a windmill coming down the highway, and we know full well that it was not made in the province of Ontario. Anything we can do to entice those companies to invest here—it's good for the environment, it's good for the economy and it's certainly good for job creation.

Mr. Phil McNeely: Thank you for that, and I'm glad to see that part is going to be an important part of your ministry and that changes are coming down.

We all know that our greenhouse gas production—we signed that agreement sometime in the 2000s—has grown 27% since 1990.

Ontario is a leader in reduction of greenhouse gases. By 2014, we're looking to be 6% below the 1990 levels, which is real progress in Ontario. Thirty out of 170 megatonnes per year of CO₂ equivalent will be due to closing coal units. That's the significant part of achieving it. Also, the good work that the ministry that looks after our own buildings has done has shown that we can get good reductions.

Colleges Ontario has achieved something like a 15% reduction in energy in three years. They've got a system of sharing all that good information that they develop. It's really important that we're taking good advantage of the \$900 million that is going into the MUSH sector and making sure that we are getting the reductions. Most of Colleges Ontario is driven strictly by dollar-saving, and that's why I like what they're doing. It's a non-profit group within the colleges. I think the 18 or 20 colleges are all signed into it. They have expertise which they share, and it's really, really something.

I know that the municipalities come under your ministry's purview as well. They've been doing a lot through AMO. Much like the colleges have done, they've built up an expertise within AMO to share with all the municipalities. I think you have 450-plus municipalities or something like that.

Hon. Jim Watson: It's 444.

Mr. Phil McNeely: It's 444. So there are a lot of municipalities, and if they get in through AMO, if they're doing that sharing and stuff, that's stuff that we can support.

When you're talking about jobs with the Green Energy Act—I was up in Almonte at an announcement the other day. They're doubling their forests. They're putting a lot of investment in. They make the turbines. They've been working in the US—in Pennsylvania and California—and they've been working in Czechoslovakia. They haven't had that much work in, but now, with the Green Energy Act, those jobs are going to occur in Ontario. He's going to be getting work for Ontario. He sees eight or 10 projects that his expertise, which has been a family business for two or three generations—is going to profit with job creation. So there's job creation throughout the whole energy sector.

We'll be rolling out the energy audits. They're not quite mandatory under the legislation. We'll see how that comes out. I'd just like to know how that is perceived by the housing industry, if you have some insight there about your own industry. We are going to try to measure the energy efficiency of homes. There are good programs, both federal and provincial, to support those investments. Most of them give the owners a payback in five or six years. What's your opinion on the energy audit part of this bill? Have there been negotiations now to get that in place?

The Chair (Mr. Garfield Dunlop): You've got a little over four minutes left, Minister.

Hon. Jim Watson: Okay. That's a lot of questions there, Mr. McNeely. I know you're very passionate about the energy audit initiative, through your private member's bill and then a variation of that being included in Minister Smitherman's legislation.

I think the energy audit will be as commonplace as the home inspection in the next decade. One of the first things you do when you buy a home, myself included, is you hire a legitimate home inspector to make sure that you're not buying a lemon. Today it would be very wise—and the work that you're going to do, and MEI, with respect to encouraging people to get energy audits—it's a good investment. When you look at how much you're spending on the hydro bill and the gas bill that come in every month, it's a substantial portion of your operating costs on an annual basis. So if you can reduce those costs, all the better.

With respect to work at the municipal level—this goes back to my days when I sat on the environment committee at regional government when it was in existence in Ottawa, and the work that I was able to do as a city councillor and as mayor—I was very proud to be one of the few mayors, in one year, to receive the Earth Day flag for the city of Ottawa because of all the progressive measures that we had taken on things like a cycling strategy to get more people in safe cycling environments throughout the city of Ottawa, the work that we did to expand public transit, both locally and now as a provincial government that's back in the transit business. I was very pleased when Premier McGuinty made the announcement at Lincoln Fields transit station in the west end. We were all there, I think, in 2003, where we committed to two cents a litre of gasoline going to transit systems in the province of Ontario.

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Just a few months ago, I was back in Ottawa with funding to allow OC Transpo for the first time to purchase a substantial number of hybrid buses, because one of the complaints I received from my constituents was that while it's nice to have buses, the diesel fumes coming out of the back seem to be working at odds with the whole notion of public transit being good for the environment. So these hybrid buses are starting to come online; we see them, certainly, all over Toronto and the TTC—I think they're farther ahead of us than we are in

Ottawa, but we were able to provide some funding for that.

It's the community that's rallied behind the environment. This wonderful program called Project Porchlight saw LED bulbs being distributed by volunteers throughout neighbourhoods. I was out in one of my neighbourhoods in my community, going door to door, dropping off these porchlights.

A new initiative started by the same group is providing free tire gauges to individuals so you can measure what your car tires should be filled up to, because we know that if they're not filled to the proper level, it is a waste of gasoline as well and the car is not that efficient. Yet people needed that simple tool to figure out, is the tire firm enough, is it too firm? These kinds of things are supported by various governments, ours included.

The final point I'll mention is the \$70 million that we have allocated out of the housing portfolio to put into specific energy-efficient projects when we're building social housing, because individuals who are living in social housing are low- and modest-income individuals, and if we can reduce the costs to them and, ultimately, to their housing provider from an operating side, that's good news for them, that they can provide additional resources and support on operating initiatives or start building greater reserve funds to do the kind of repairs they need or to build new housing stock.

The Chair (Mr. Garfield Dunlop): Thank you very much, Minister. That's the end of the rotation for today. Mrs. Savoline.

Mrs. Joyce Savoline: We'll just pick up with that last question. With all the initiatives that are happening in your ministry, and other ministries too, my concern is that stable, ongoing, predictable funding for municipalities. When you answered me, you said that you thought you had achieved that. Can you undertake to guarantee for me today that there will be no clawbacks with those initiatives in some other form, like extra administrative costs or something happening within the municipality that takes away money after you upload or through some other initiative help them financially?

Hon. Jim Watson: Obviously, I can't predict if another government takes office and rips up our agreements or changes legislation, but we're very much—

Mrs. Joyce Savoline: I'm talking about your government and you.

Hon. Jim Watson: I'm very committed to fulfilling the obligations that we've made in the Provincial-Municipal Fiscal and Service Delivery Review, and I'm very pleased to report that to date we have met or exceeded every single benchmark we've set for ourselves, starting with the gas tax money that we flowed a year earlier, the full two cents. The ODP is fully uploaded now—100% of that—100% of the ODSP administrative costs have been uploaded, and we're on target to upload 50% of the benefits of ODSP in the next fiscal year, plus the first 3% of Ontario Works, and then 50% of Ontario disability support benefits the following year, plus an additional upload of Ontario Works, plus the first phase, I

believe 14%, of court security and prisoner transportation costs.

Mrs. Joyce Savoline: Again, can you guarantee that there will be no clawbacks?

Hon. Jim Watson: Certainly, my commitment is to ensure that the document is adhered to. As you know, budgets are introduced every year. I can't predict what's going to be in the budget, but this is certainly part of a fiscal framework that the Minister of Finance and I signed off on, so I have great confidence that we will live up to our obligation to the municipal sector. But, obviously, I can't prejudge what's going to be in the budget; no minister can do that.

Mrs. Joyce Savoline: Okay. I want to move on—

Hon. Jim Watson: I think, given our track record, most in the municipal sector were pleased with the approach we brought to it. That was reflected in one leader receiving a standing ovation at the AMO conference, and that was Mr. McGuinty.

Mrs. Joyce Savoline: Okay, then I will tip you off that during our delegation process, there was a large concern that there are clawbacks in the offing, just so that you know. Municipalities are concerned about clawbacks happening.

Hon. Jim Watson: On the main basis of the fiscal review or on the mitigation funding?

Mrs. Joyce Savoline: Overall. It really doesn't matter because it's their bottom line, right? It doesn't matter who does it, which ministry does it, how they do it—whatever. But the relief that they get, if it's clawed back in some other way, it doesn't matter.

Hon. Jim Watson: It was Mayor Hazel McCallion who asked for this, and we've agreed to it, when appropriate. At every MOU table, they keep a tally sheet of decisions that have been made that may affect the financial bottom line of the municipal sector. To date, I don't believe anything has been added on to that list, certainly, in the last year or so, and that's the purpose of the MOU table. We meet again tomorrow, so I could be updated on that, but that was the purpose of setting up that table: so that we would, in fact, be able to ensure that if you're benefiting on the one hand and you're one step forward, we're not doing something else that's going to put you two steps back.

Mrs. Joyce Savoline: I know. I was part of that table for many years.

I want to go on to the municipal elections and your review of the Municipal Elections Act. What is the status of that review?

Hon. Jim Watson: It's ongoing. As I indicated to Mr. Prue yesterday, if we were to introduce any changes, they would certainly be in effect prior to the November 2010 municipal election.

Mrs. Joyce Savoline: Prior to, to be incorporated?

Hon. Jim Watson: For that election, correct.

Mrs. Joyce Savoline: I know that you have allowed interested parties to submit comments to that review and identify whatever issues they may have.

Hon. Jim Watson: We didn't get a lot of feedback. I think it's certainly under 50 or so, if I'm not mistaken.

Mrs. Joyce Savoline: That was going to be my question: How many comments have you received and how much longer is the opportunity for submissions?

Hon. Jim Watson: The submission period closed a couple of months ago. It was up on our website for about two and a half months, I believe. We received, I think, roughly 50 to 60 comments. I had some delegations that wanted to meet with me as well.

We met with groups like AMO and AMCTO, the Association of Municipal Managers, Clerks and Treasurers of Ontario, which generally run the elections. I met with some councillors from Toronto. There were community associations groups. FUN submitted a briefing. The school board trustees association I believe submitted a briefing. Individual taxpayers also wrote in on the website.

It wasn't overwhelming. Even though it's an important aspect of our democratic system, it tends to be a bit inside baseball for people and we encourage people—in any speech I gave at a municipal conference and so on I asked them to come forward. I know the Maytree Foundation also submitted, and I met with them as well. It wasn't overwhelming, the number of people who submitted, but as I said, it was 50 or so.

Mrs. Joyce Savoline: Okay. Based on your submissions and your review process internally, can you tell us today whether you anticipate any changes?

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Hon. Jim Watson: There were a number of very good suggestions, some more broad-reaching and some technical in nature, and if I'm going to be bringing forward any changes, I suspect it would be done within the next month.

Mrs. Joyce Savoline: We'll look forward to those.

I want to move now to the MPAC enumeration process, because that affects the election. In 2006, the enumeration process included a new code, and it was the letter "U," to determine the citizenship status. It created some concern in municipalities because many voters were classified with that "U," which represented unconfirmed citizenship. This meant that those voters had to then fill out an amendment form so that their citizenship would be known and proof would be given and all that kind of stuff, which is very important. You can imagine the real problem at the polls when something like that occurs. There were huge line-ups in some municipalities. MPAC has indicated that they are working on this and they hope to improve the accuracy of this enumeration process. Could you provide some insight into the status of this and whether municipalities can look forward to a less cumbersome process for the 2010 municipal election?

Hon. Jim Watson: It's a very good point, Ms. Savoline, and we certainly hear from time to time from clerk-treasurers, elections officials, municipal leaders about their, at times, dissatisfaction with the voters' list—the timeliness of it, the accuracy of it. We have had a

number of discussions over the last several months with MPAC, which is an agency that falls under the jurisdiction of the Minister of Finance, and the issue did come up in the bear-pit session by my own city councillor, Alex Cullen—

Mrs. Joyce Savoline: I was there.

Hon. Jim Watson: —a great supporter of Michael Prue's leadership. He raised it with us, and we undertook, both Minister Duncan and I, that if we were to make changes to the Municipal Elections Act, that would obviously be one of the areas we would have to address. There are some issues that also touch on the privacy commissioner, in terms of the kind of information that can be shared with municipalities, but we think these things are not insurmountable. We understand. Even the timing of getting the voters' list and the number of voters has an impact on the election process, because if you don't get the number of voters until very late on in the process, it's very difficult to budget for your campaign because it's based on the number of voters—and I don't know what it is now, I think 70 cents a voter. So we've got to deal with some of these issues.

MPAC, to their defence, actually has improved over the years. I remember it had a lot of rough spots when it first began. The whole system of providing the lists has changed. I remember the old days when you could go up to the telephone pole and you'd see everyone's name and their address and so on; it was usually a good way to figure out your next door neighbour's name that you'd forgotten and were too embarrassed to ask. There are obviously concerns with privacy in that kind of openness. We're working closely with MPAC to see what changes, if any, could be brought forward to make the system fairer, less confusing and more simple to understand, so that you encourage more people to get out and vote. If you're not on the voters' list, you tend to feel, "What's the point of going out and voting? It'll be a big headache at the polling station and I don't want to do that," and you see the voter turnout at municipal elections is not very good. So if we can do something to encourage more people to vote by making sure that the municipalities have a more accurate voters' list, then that's a good thing for democracy.

Mrs. Joyce Savoline: We look forward to that then. Do you think that will be in place for the 2010 municipal election?

Hon. Jim Watson: If we were to bring forward any change to that effect, that would be my objective, yes.

The Chair (Mr. Garfield Dunlop): Seven minutes left, Ms. Savoline.

Mrs. Joyce Savoline: Thank you.

The City of Toronto Act was a little controversial when it was being discussed and came into effect, but it did come into effect a couple of years ago, in January 2007. Along with it, there's a provision for a review. I know that your ministry has undertaken that review and there has been a public process for submissions from stakeholders and the public. Could you tell me how many

submissions your ministry received regarding this review?

Mr. Fareed Amin: I don't know the number offhand, but I can endeavour to get that number to you. We did not receive a lot of comments back.

Mrs. Joyce Savoline: Given that it was a public submission, is it possible to receive copies of these submissions?

Mr. Fareed Amin: Since some of this information was submitted by private individuals, if I were to agree to that request, I'd have to comply with the freedom of information and protection of personal privacy legislation as well. We can provide you with a summary of the kinds of comments we received.

Mrs. Joyce Savoline: I would like that.

Mr. Fareed Amin: Okay.

Mrs. Joyce Savoline: Thank you.

Hon. Jim Watson: As you may know, Ms. Savoline, in the legislation, there was a requirement to do a review in a two-year period and then a five-year period. We're in the process of wrapping up the two-year review. The two-year review really was put in place—Minister Gerretsen confirmed this with me—to catch those technical glitches that we didn't think of at the time or that needed cleaning up from a housekeeping point of view. A more substantive review of the overall act was intended at the five-year mark, beyond the two years, so we're just wrapping up the two-year mark.

I recall seeing a synopsis of the numbers. Again, I think the numbers were relatively small; it was done through the website of the ministry. There was a special link on the homepage of the Ministry of Municipal Affairs and Housing. We'll get you the exact number, but it certainly was less than 100.

Mrs. Joyce Savoline: The review process was a prudent one, in my opinion, because this was significant legislative reform and it afforded the city very broad powers. So I think it was wise to do that.

When do you expect this review to be done?

Hon. Jim Watson: I would say within the next two months we would have something to report on, at the latest.

Mrs. Joyce Savoline: Do you anticipate any changes to the act as a result of this review, based on the preliminary comments and discussions within your ministry?

Hon. Jim Watson: Yes.

Mrs. Joyce Savoline: I want to talk a little bit about transit. How much time do I have?

The Chair (Mr. Garfield Dunlop): You've got about three and a half minutes.

Mrs. Joyce Savoline: Okay. You have a model for funding transit—I know, the Ministry of Transportation, but transit is a municipal issue. That's why I'm asking you this question. I know there's a funding model and I'm wondering if you and your ministry know how many provincial dollars are allocated to the transit programs.

Hon. Jim Watson: I don't have that information personally. That information would reside with the

Minister of Transportation, and I don't know if he's appearing before estimates committee or not.

The Chair (Mr. Garfield Dunlop): Not in this round, no.

Hon. Jim Watson: We can certainly send your inquiry over to Minister Bradley or you can correspond with him directly, but even though it is a municipal transit system, that budget allocation is with Minister Bradley. I know there are different programs and different funding formulas throughout the province for extenuating circumstances. I know, for instance—I hear this all the time in Ottawa—that Toronto seems to get more money. Well, they do get more money because they have a subway system, which is more expensive to operate, they're a larger city and so on, but what we try to do is be as fair and equitable as possible in the distribution of those government resources. We will undertake to relay your inquiry over to Minister Bradley.

Mrs. Joyce Savoline: And given that you're the Minister of Municipal Affairs and have an interest in the health of municipalities—municipalities that have transit; that certainly is a large part of a healthy municipality—how much participation do you and your ministry staff have in the decisions on transit funding, and are you, as minister, able to influence any of these?

Hon. Jim Watson: In a direct sense, obviously, as a member of cabinet, I have ongoing discussions with the Minister of Transportation on requests that I'm receiving from the municipal sector and passing along any concerns, compliments or questions that the municipal leaders might have. Minister Bradley has been very good

in his attendance at AMO functions, whether it's the MOU table or the AGM, and he takes delegations, as does his parliamentary assistant.

I think I gave you this figure earlier, but the gas tax money, which is on a fixed-funding formula, has seen in the last year \$321 million go to transit systems across the province. The MoveOntario 2020 plan, which is a very exciting plan, will be delivering \$11.5 billion in transit projects to the greater Toronto and Hamilton area.

Recently announced include the Sheppard East light rail transit, York Viva rapidways, dedicated bus lanes in York region, Eglinton rapid transit, Finch West LRT and Scarborough rapid transit. In my own hometown of Ottawa, we have a \$200-million contribution on the table for their light rail program, and that will obviously continue to go up because the program is greater than what was originally anticipated—

The Chair (Mr. Garfield Dunlop): That just about cleans up our time for today, Minister. I know you like to read those lists.

Hon. Jim Watson: I could go on, as you know I could.

The Chair (Mr. Garfield Dunlop): You like reading those lists out.

Just so we all know, we have four hours and 45 minutes remaining with the Ministry of Municipal Affairs and Housing. We will adjourn today and we will reconvene on Tuesday, October 20, at 9 a.m. This meeting is adjourned.

The committee adjourned at 1801.

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 20 October 2009

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 20 octobre 2009

*The committee met at 0902 in room 151.*MINISTRY OF MUNICIPAL AFFAIRS
AND HOUSING

The Chair (Mr. Garfield Dunlop): Good morning, everyone. Thank you all for being here. Welcome to the minister and the staff of the Ministry of Municipal Affairs and Housing. We're here to resume the consideration of the estimates for the ministry. There's a total of four hours and 45 minutes remaining. When the committee adjourned, the official opposition had just completed a 20-minute rotation, so it is now the turn of the third party. Ms. DiNovo?

Hon. Jim Watson: I'm wondering, Mr. Chair—I had a number of questions that Mr. Prue, Ms. Savoline and Mr. Hampton had asked that I'd like to have a chance to read into the record.

The Chair (Mr. Garfield Dunlop): Can you just table them, or would you rather read them in?

Hon. Jim Watson: My preference would be to read them for the record.

The Chair (Mr. Garfield Dunlop): Okay, we'll allow that.

Mrs. Joyce Savoline: Does that take up our time? I would rather they be tabled if it took up time, given that we have so little time.

Hon. Jim Watson: I'll read them into the record when I have a chance then.

The Chair (Mr. Garfield Dunlop): Thank you, Minister.

Ms. DiNovo, we'll start with your 20-minute rotation.

Ms. Cheri DiNovo: First of all, thank you all. Great shirt there, Mr. Watson.

Hon. Jim Watson: Thank you.

Ms. Cheri DiNovo: I just wanted to say upfront that the questions I'm going to be asking have been submitted by various stakeholders in the housing action field with various concerns. I want to really say thank you to all of those who provided questions.

My first question: Ontario is in the midst of a province-wide consultation to create a comprehensive, new affordable housing plan for Ontario. Plenty of great ideas are being brought forward at regional meetings, but the spending estimates show that there is no provision for a "down payment" for a new provincial housing plan. Without any resources, this means that even if Ontario

releases its new housing plan as promised next spring, there won't be any new money until the budget of 2011. Why are there no funds allocated to launch the provincial housing strategy?

Hon. Jim Watson: Thank you very much, Ms. DiNovo. This gives me an opportunity to talk a little bit and bring people up to date on the status of the long-term affordable housing strategy. We just completed the first phase of the public consultation at the end of last month in Thunder Bay, and I'm very pleased to report that close to 1,000 people attended those 12 different sessions. As well, a number of MPPs, including, I believe, Mr. Bailey, held their own town hall meetings, and that was very much appreciated.

The purpose of the long-term affordable housing strategy stems from our campaign in 2007, where we made a commitment to launch a long-term affordable housing strategy. While housing was a key element of the discussions during the poverty reduction strategy, our government and Minister Matthews and I all agreed that it made more sense to have a stand-alone housing strategy because it was so important and so connected to dealing with poverty. So while we've finished the public consultation side, we start next week the more in-depth consultation with groups like ONPHA and landlord associations, home builder associations, Habitat for Humanity, co-op federations and these types. It will take the next several months to do those bilateral discussions.

While it's important to have a thoughtful and long-term view of housing—because it's needed in this province—we are not waiting to see the outcome of the results. We actually do have a substantial amount of money in this year's budget and next year's budget that is going directly to affordable housing programs. Because I didn't want to simply have a talking session for a year and a half through the auspices of the affordable housing strategy, I also wanted to make sure we had some money in place. So in 2008 the Premier announced \$100 million, and most of that has already been spent and allocated to housing providers. That \$100 million was for repair and rehabilitation. In your city, Ms. DiNovo, that equated to approximately \$36 million.

In 2009, the Premier, through Minister Duncan's budget, allocated \$622 million, which was matched by the federal government, for a total of \$1.2 billion. Half will be spent this fiscal year, 2009-10, and the second half in 2010-11. What that \$1.2 billion will generate, we

estimate, will be 50,000 social housing units repaired and rehabilitated, because as you know, particularly in larger cities like Toronto, there have been incidents where housing has been in such decrepit shape people have not been able to live in it. I know there are 50 units of Toronto community housing where that is the case. This money is going to make these housing units more livable—or livable—and it will also build 4,500 new housing units over the course of the next two years as part of the economic stimulus package signed on to by our government. We anticipate that this construction activity will also generate 23,000 jobs in that two-year period.

We continue with the rent bank, which has helped over 21,500 families. That is now a permanent item in the Ministry of Municipal Affairs and Housing's budget. As you may know, it was a program announced but there was never core funding attached to it; it was always year-end funding. We've now permanentized that program.

So we actually are putting in a substantial amount of money. In fact, the \$1.2 billion spent over two years is the single largest investment in affordable housing in that period of time in Ontario's history.

Ms. Cheri DiNovo: Sounds good, but it's still a cut. I'm looking at figures here, again, provided by independent researchers, that you're estimating spending \$738 million, which is a 5% cut from last year's estimates. You're actually cutting from the affordable housing program and there won't be any new money allocated. In terms of those who are renting, housing allowance payments are set at \$11.2 million, which is down from \$12.4 million in last year's estimates. These are the housing allowances that cover the gap between the actual shelter costs and the amount that a lower-income household can afford to pay. So it's one thing simply to tout what money's been spent, but it's yet another when we look at the reality of less overall money for affordable housing.

The next question follows from that. I didn't really hear an answer to the first one, so I'd like to ask for an answer to the first one, which simply was, and I repeat, why are there no new funds allocated to launch the provincial housing strategy? So I would still like an answer to that.

0910

Moving on, though, considering the large affordability problems in Ontario—half of renter households, more than one in five owner households—why is the province cutting back on housing allowances?

Hon. Jim Watson: I disagree with your comment that we're cutting back. My math tells me that when you add \$1.2 billion, that's a positive thing.

The issue that we had to deal with was, we understood that the long-term affordable housing strategy would take some time to develop. We're not going to slap this together overnight. We wanted to go out and consult. It's a big province. We had a lot of input from stakeholder groups, people interested. As a result, we started in June in Sault Ste. Marie and we ended at the end of September in Sudbury. We had a very good cross-section of people

who came forward and offered their opinion in good spirit. We're not going to prejudge what is going to be in the long-term affordable housing strategy by putting separate money into a long-term affordable housing strategy when we don't have the strategy. That would be rather premature. It would be somewhat insulting to the people to say, "Oh, by the way, forget what you have to say about it. We're going to go and do what we want to do with our money."

We did have an opportunity, when the federal government came forward after provincial and territorial housing ministers put a fair amount of pressure on them over the last two years and finally got back in the housing business. But they were very clear. You can check the agreement that we signed. It was a two-year extension to the affordable housing program, signed by my predecessor, John Gerretsen. I signed the new agreement with Minister Finley on the condition that it not be substantially altered, because they didn't want to get into a legal back-and-forth between the federal government and the provincial government.

We had very little flexibility to change the AHP for two years. What we do have some flexibility to do, according to Minister Finley, is in fact alter the last three years of the five-year deal. That gives us the time—it works out perfectly—to consult, develop and craft an affordable housing strategy, and by the time it's ready, we're into that year three, where we do have the flexibility to change some of the rules. The changing of the rules will be based on experiences we've had with the last five years of the AHP.

One change that we were able to make because we had the jurisdiction under our domain at the province was that the per-door unit was \$70,000—if I'm not mistaken, Deputy—and we were able to go back to treasury board and increase that amount to \$120,000. That was particularly beneficial to large cities like Toronto and Ottawa, where it was becoming very difficult to build a unit for \$70,000. We've got tremendous positive feedback from our housing providers, particularly in the large urban centres, because we went from \$70,000 to \$120,000.

The other good thing about this program is that it's not requiring our municipal or not-for-profit partners to contribute one third. It's a 50-50 cost-sharing program between the federal government and the provincial government. In some instances, not-for-profits or municipalities are perhaps providing some top-up money or land, but there is no requirement whatsoever for them to provide a third, as is the case with other infrastructure programs.

I'll just give you the breakdown of the \$1.2 billion: \$704 million for capital funding under the social housing renovation and retrofit program, which is the SHRRP—

Ms. Cheri DiNovo: Mr. Minister, again, my questions were related to provincial funding, not federal funding. I didn't hear an answer as to why there are no new funds allocated to launch provincial housing, and also why the province is cutting back on housing allowances. So if you could focus just on the provincial funding portion, not on

the federal, since we don't have the federal housing minister to ask questions of—if you could focus on those two questions.

Hon. Jim Watson: Well, half of the \$1.2 billion—\$622 million—is provincial money. I'm not going to split the two, because it's all money coming to the province of Ontario. Of the \$704 million, half—half of \$704 million would be \$352 million—would be provincial dollars to the social housing renovation and retrofit program, and one half of the \$550 million is the provincial share for the AHP extension in 2009.

I might point out that the funding is targeted based on a federal recommendation, and we support this, that those new units be directed to low-income seniors and persons with disabilities.

I might also point out that the provincial government has set aside \$70.4 million, so \$35.2 million would be the provincial share over the next two years, to fund renewable energy component programs. As you know, in years gone by, the best material was not always used in a lot of these affordable housing programs. As a result, the operating budget of the provider and the tenant have suffered severely because of drafty windows and so on. So we've put a special emphasis on making sure that the new construction is going to be higher quality, windows higher standard, doors limiting the leaks and drafts, higher-rated Energy Star appliances so that we reduce the operating costs of the budget as well.

Ms. Cheri DiNovo: Thank you. I still haven't heard answers to those questions, so I would like those in writing, and also—

Hon. Jim Watson: I've just given you the answer, Ms. DiNovo. It's \$622 million. That is the answer.

Ms. Cheri DiNovo: But there are no new funds.

Hon. Jim Watson: You may not like the answer. That is new funds. That's new funds that you voted against in the last budget.

Ms. Cheri DiNovo: New funds and also cutting back on housing allowances, so I continue from there, and keeping in mind that there are 130,000 on the affordable housing waiting list. So we are in crisis here in Ontario, and I know that every MPP sees, as the bulk of the work that they do in their offices, people looking for affordable housing. We have deaths on the streets of Toronto, a number of them every year, from homelessness. This is a crisis situation. So it's not enough just to rattle off numbers, particularly numbers that are mainly provided by the federal government, when we in this province should be reacting.

Hon. Jim Watson: That's not true. I'm sorry; I'm not going to stand for you to say false information.

Ms. Cheri DiNovo: Anyway, on to the next question—

Hon. Jim Watson: No, I'm sorry. Ms. DiNovo, you cannot make an accusation that is not true and repeat it and think it's going to become true. Six hundred and twenty-two million dollars of the money is new money. You and your party voted against it and it's from the provincial taxpayers. That is the record.

Ms. Cheri DiNovo: So you—

The Chair (Mr. Garfield Dunlop): Okay, let's go to a new question.

Hon. Jim Watson: Thank you.

Mr. Ted Arnott: On a point of order, Mr. Chair: If that statement were made in the Ontario Legislature, in the House, the Speaker would ask the minister to withdraw it.

The Chair (Mr. Garfield Dunlop): Pardon me? I'm sorry.

Mr. Ted Arnott: If that statement that the minister just made were uttered in the Ontario Legislature chamber, the Speaker would ask him to withdraw it.

The Chair (Mr. Garfield Dunlop): I just felt that he didn't think that the information was—

Hon. Jim Watson: I said it was not true.

The Chair (Mr. Garfield Dunlop): I'm asking you to go to the next question.

Ms. Cheri DiNovo: Certainly. But according to independent research, \$738 million, a 5% cut from last year's estimates: This is your own printed estimates, so I draw the attention to your own printed estimates.

Hon. Jim Watson: And who is it from? Who is the independent authority that you're quoting?

Ms. Cheri DiNovo: There are a number, actually, of housing authorities—

Hon. Jim Watson: Maybe you could provide those.

Ms. Cheri DiNovo: I certainly will.

Hon. Jim Watson: Thank you.

Ms. Cheri DiNovo: The next one is that housing allowances are the simplest, quickest and most efficient way to move the 130,000 households on affordable housing waiting lists across the province. Less money for housing allowances means that fewer households can be supported, even though the need is growing larger. So will municipalities have to cut housing allowances to existing recipients because of the reduced transfer payments?

This builds off the last question, and again, might I say that it's not about partisanship. It's about trying to get housing dollars flowing to those who need them and trying to help your ministry do its job by getting you more money from cabinet to do your job.

Hon. Jim Watson: I'm very proud of the McGuinty government's contribution to housing, Ms. DiNovo. We signed a five-year deal with the previous Paul Martin government that at the time was the single largest housing program in the history of the province, of Ontario. We then worked with the federal government and Minister Finley to ensure that we got back in the housing business because, as you know, the previous government had downloaded housing responsibilities. We instituted the rent bank program that has staved off, I believe, close to 21,000 evictions. We have a home ownership program and a northern Ontario repair grant program that has been extremely successful in the north. We have the ROOF program, rental opportunities for Ontario families, that now has approximately 21,000 being helped, a new rent supplement program that has been a tremendous success;

21,000 people are now receiving a rent supplement of approximately \$1,200 a year to help with their rent and allow them to stay in their particular homes.

0920

We also have the housing and rent supplement program. Our units are 90% occupied. This is a high rate of occupancy comparable to other rent supplements. We also have a special victim-of-domestic-violence program where those individuals get higher priority and preference on a temporary basis before they can move into a permanent unit of affordable housing.

We think the kinds of ideas that we're hearing on the public consultation will help us improve the situation with respect to affordable housing in the province of Ontario. Do we have more work to do?

The Chair (Mr. Garfield Dunlop): You've got about two and a half minutes in this round.

Ms. Cheri DiNovo: Okay.

Hon. Jim Watson: We have a lot more work to do. My hope is that you would offer some suggestions at this time, because it's our understanding you've not participated in any of the housing consultations we've had.

Ms. Cheri DiNovo: We're having our own housing consultation.

Hon. Jim Watson: Great. I'd be happy to know when that is.

Ms. Cheri DiNovo: Just for the record, I'd like that question to be answered. Municipalities in my area want to know if they're going to have to cut housing allowances to existing recipients because of the reduced transfer payments. I'd like an answer to that question on behalf of the city workers.

The Chair (Mr. Garfield Dunlop): You have two minutes left.

Ms. Cheri DiNovo: Oh, do I?

The Chair (Mr. Garfield Dunlop): Yes. Sorry.

Ms. Cheri DiNovo: Okay. Continuing on, that question needs to be answered still, too.

The next question: The rural and native housing program transfer payment is set at \$6.7 million—way down from the \$13.8 million in last year's estimates. Why is that?

Hon. Jim Watson: Deputy?

Mr. Fareed Amin: I'm just trying to look at the relevant section in the estimates. Okay. I think the primary reason for that apparent reduction is an accounting treatment where we look at how we would capitalize the cost of that program. As the minister indicated, a number of other programs were included and added on to the suite of housing programs. The reduction that you refer to is basically because of the way the money was treated from an accounting perspective. It's not a real reduction in the actual spending that the ministry had incurred.

Ms. Cheri DiNovo: So it's not a real reduction?

Mr. Fareed Amin: No.

Ms. Cheri DiNovo: Again, could you show me how that works? Because as we're reading it, it looks like a significant reduction. So if I could get that—

The Chair (Mr. Garfield Dunlop): That's coming pretty well to be the end of your time, so maybe you can clarify that for Ms. DiNovo at an opportunity.

Now to the government members.

Mr. Kim Craitor: Minister, I have a couple of questions. First, I just want to share something that happened in my riding to do with affordable housing. Certainly as an MPP, there are people coming in constantly looking for affordable housing. Everything seems so simple when you sit around this table, so I'll give you an example.

We, as a government, made a decision to give—I think it's about \$3 million or \$4 million—or maybe more than that—\$5 million to Bethlehem Place. They were going to proceed with building affordable housing. It was actually going to be out on Valley Way. It was a great location. So there was an air of excitement. I was really pleased that that was going to happen. However, it required a rezoning of land. When the matter came to city council, all the residents who lived in that area showed up and said, "There's no way you are going to have affordable housing and this land rezoned," so that we can build it.

It sounds simple that there's enthusiasm out there by the community to build all these units, so we had an opportunity. Thank goodness for Bethlehem Place, who didn't just throw up their hands and say, "I guess that's it; we're not going to proceed with this." We worked with them and found another piece of land in an area where there were literally no residents. It was just being developed, but guess what happened? The residents who were not living nearby showed up and tried to convince the council, "Don't rezone the land. We don't want affordable housing built in our area." To the credit of the council in Niagara Falls, they allowed the rezoning to take place and the units are being built because of our investment. I hope that you might have a chance, when that takes place—I think it'll be next year—to come down and see the grand opening of this 40- or 50-unit complex.

I just wanted to share that with you. Everything sounds simple up here. You just say, "We're going to build them," and there's this air of excitement back there; we can't wait for them to get built. We still have to deal with the community and how they feel and what they think is appropriate.

The other thing that I wanted to ask is, for the benefit of the community, do you have some information that you might want to read in on some past things that took place around the committee table? I'd allow you to do that with my time.

Hon. Jim Watson: Sure. Thank you very much, Mr. Craitor. I want to thank you for stating—given your municipal experience, you understand that at times it may be a simple concept to say, "We're going to build a housing project"; it is often a long, drawn-out process, and one of the things that we're looking at through our long-term affordable housing strategy is how we can quicken the process. We did that with environmental assessments on public transit—our government did—to shorten the period, because many people, opponents of

various projects, were using the EA process to basically kill the project. While there is, to a certain degree in some corners of the province, some NIMBYism, that people do not want to be next door to an affordable housing project, there is no evidence of property values plummeting as a result of being next to an affordable housing unit. Today, given the creativity in the architecture and the thoughtfulness of the design, there are beautiful housing projects. I opened one in Centrepoin in my riding. You would not know that it is an affordable housing project. It's so well done.

Thank you and your constituents and Bethlehem for the work that they're doing in persevering for that beautiful project.

I did want to, while I'm speaking with you, commend you and Niagara region and your colleagues at the municipal level for the work that they have done and that you have facilitated to ensure that Niagara gets its fair share of funding under the housing program. Just to bring you an update, in 2009 there was \$150,000 for three home ownership units. Again, home ownership allows people who may not have the ability to buy a home on their own some grant down payment that allows them to get out of a rental unit into their own home. Under the social housing renovation and retrofit program, in Niagara this year, Niagara received \$7.7 million. Next year it will be \$9.5 million to repair and rehabilitate some of the older stock. In 2009, Niagara received \$164,939 in rent bank funding—a total of \$916,098, which has prevented 712 evictions in your communities. Social housing repair money: of that \$100 million, Niagara region received \$3.1 million.

Under the affordable housing program, which was the program that just lapsed and we've carried it on: \$16.6 million for 343 rental and supportive housing units, \$2.1 million for 170 housing allowances and \$864,000 for 106 home ownership units.

I appreciate the chance to put in the record some of the questions that opposition members have asked. Ms. Savoline asked about the proposed HST. The Minister of Finance is responsible for implementing the HST, and I'd like to refer the committee to his appearance here on July 29, where he answered a very similar question at length. So it's on the record.

On September 29, Mr. Prue asked, "Does the government permit shoreline changes in Simcoe county, now under the Lake Simcoe Protection Act?" The Minister of the Environment administers the Lake Simcoe Protection Act, and the associated protection plan questions about the matter should be referred to him. I can say that our government is committed to protecting the lake and our decisions will be consistent with the Lake Simcoe legislation and plan.

On September 30, Mr. Prue asked, "What are the timelines set for the smart meter review study?" I had a chance to review the comments made by my new parliamentary assistant, Mr. Rinaldi, and the deputy minister, and I'm comfortable with those responses. To reiterate what the deputy said, we're working very closely with

the Ministry of Energy and Infrastructure to develop balanced regulations on smart metering in multi-residential buildings that protect tenants and ensure that the rules are fair to both tenants and landlords. MEI is the lead and the timing is in their hands.

0930

On October 6, Mr. Prue asked how many units were demolished at Regent Park to build phase one, how many units of affordable social housing units will be built to replace those affected by the demolition, and how much the developer is spending on the Regent Park development.

The regeneration of Regent Park represents a significant achievement. It was widely hailed when it was our first social housing project. Regent Park did not stand the test of time particularly well. I am pleased that we have been part of this renaissance. We're helping to create more and better units. Specifically, the total revitalization project will see Regent Park transformed from exclusively public housing of 2,083 units to a mixed-income tenure community with a blend of rent-geared-to-income, affordable and market housing and rental and home ownerships of 5,100 units.

Phase one of the development is currently under construction, with some buildings already having reached occupancy. Approximately 418 social housing units have been demolished as part of phase one. TCHC reports that 593 RGI units are being constructed as part of phase one of the Regent Park redevelopment. These units will be supplemented by the city of Toronto rent supplements and affordable housing program funding.

Three hundred and eighty-one households from phase one were relocated starting in 2005. All residents who were relocated to make way for the demolition and redevelopment have had the first right to return as the new buildings have been completed: 293 households of the phase one relocated households responded to letters and met with TCHC to select a unit, which is 77%; 213 households of those, 73%, were matched with a new unit in Regent Park phase one. The balance have deferred their relocation to later phases or have left Toronto Community Housing.

Under the AHP, the province has committed \$38.6 million for 780 affordable housing rental units in the Regent Park community and \$3.4 million for 130 home ownership units under phase one. As for the development portion, that figure was privately negotiated between the Toronto Community Housing Corp. and the developer. I am not privy to it and suggest that Mr. Prue might wish to follow up with TCHC.

I have some additional information that responds to matters raised by Mr. Prue on Regent Park. I can confirm that Sobeys is a part of the phase one development, but not just Sobeys. TCHC has also secured the Royal Bank of Canada, Tim Hortons and Rogers Communications as other major commercial development tenants for various portions of the phase one redevelopment.

Finally, I was asked if I was aware of any other plans being floated by the city. I can report to the committee

that the city of Toronto and TCHC, in June 2008, initiated the community engagement process for the revitalization of the Lawrence Heights community. It's estimated that this project will be completed by 2025. It is located north of Lawrence Avenue and south of Rane Avenue on both sides of the Allen Road. TCHC owns and operates 1,208 units of rental housing in Lawrence Heights, which is home to more than 3,500 people.

Mrs. Savoline, on October 7, asked about the investing in Ontario program: Would the provincial criteria permit the recovery of funds if funds were not used for capital purposes? "Could you advise ... if any funds have been recovered by your ministry from a municipality" that didn't use their funds or didn't use them properly?

The Investing in Ontario Act did indeed provide a one-time dedication of part of the provincial budgetary surplus to our municipalities. Those funds were administered and disbursed by the Ministry of Finance, and therefore those questions should be referred to the finance minister. People think they fall under my jurisdiction, but it actually is the Minister of Finance's program.

Were you dealing with Mr. Hampton's question? Or you had others; I had Mr. Hampton's.

Mr. Fareed Amin: Yes.

Hon. Jim Watson: Mr. Hampton had a series of questions. He was asking questions which I believe he had the answers to from a Stats Canada 2006 report. Stats Canada's latest census is 2006. This is the data that the province and all other provinces and the federal government rely on in doing further analysis.

Since that time, Ontario has been making significant investments in housing. Most recently, on June 9, 2009, our government signed an affordable housing agreement with the federal government to deliver new housing to Ontarians. Through this agreement, our government is investing \$622 million to match the funding announced in the federal government's 2009 budget, for a total combined \$1.2 billion for housing. This investment will rehabilitate 50,000 social housing units and build 4,500 new affordable housing units. This investment will also create short-term jobs in construction and renovation while improving the lives of people with low incomes. The program will create 23,000 jobs over the course of the program. Our combined investment breaks down as follows: \$704 million to repair social housing units and make them more energy-efficient under the social housing renovation and retrofit program—how much time, Mr. Chair?

The Chair (Mr. Garfield Dunlop): Eight minutes left.

Hon. Jim Watson: There's \$540 million for the affordable housing program extension 2009, which includes funding to create new affordable rental housing for low-income seniors and persons with disabilities. We have already approved over \$172 million for construction-ready projects around the province under the AHP extension. These new projects will be creating units for seniors, persons with disabilities and low-income

families. We have also approved over \$21 million for the repair of existing social housing units under the social housing renovation and retrofit program. Our new capital investment means we will help create and repair up to 76,500 housing units.

In 2005, we began the largest affordable housing program in Canadian history, a \$734-million partnership with municipalities and the previous federal government. Today, we're investing an additional \$1.2 billion with the federal government to renovate and build new affordable housing units; \$100 million in budget 2008 that will repair about 4,000 units and help nearly 10,000 Ontarians; \$127 million for the DOOR program to help create and repair affordable housing; and \$80 million for off-reserve aboriginal housing. We're delivering close to 35,000 rent supplements that will help make rent more affordable for Ontario families. As of October 13, 2009, the federal and provincial governments have approved \$553 million in funding for 14,700 units under the 2005 AHP program.

We're stabilizing the rent bank at \$5 million a year. To date, we've invested \$28.8 million in the provincial rent bank program and helped over 21,500 Ontario families stay in their homes.

We're enabling not-for-profit and co-op housing providers to apply for Infrastructure Ontario loans for the development and renewal of capital projects. This is a program that is operated through a different ministry, but for the first time ever, housing providers in the not-for-profit, co-op and municipal sector can now draw on up to \$500 million in low-interest loans for the development and renewal of capital projects. So it's a new source of funding opportunity for our friends in the housing community.

Deputy, did you have some questions? We had a question from Ms. Savoline as well.

Mr. Fareed Amin: Thank you, Minister. There were a few questions from Ms. Savoline I'd like to respond to.

The first one was a comment that the affordable housing program communication and transportation costs have increased by \$400,000. I'd just like to reiterate that this is not an increase in the transportation and communications budget for the affordable housing program. In fact, if you look at page 125 of the results-based plan briefing book, the transportation and communications line item, which is the third item from the bottom, shows that the actual expenditure for communications was \$290,000. The budget for that line has been constant over the last couple of years at \$666,000, so the increase is not \$400,000. If you wish, I can actually go through the table with you if you're interested in a more detailed response on the reading of the tables.

The second question related to whether or not the ministry had any contracts with EllisDon. I think I did respond before by saying that, no, we do not have any contracts with EllisDon.

There was also a question from Mr. Prue asking us how much money the LTB had saved using telephone hearings. I just want to indicate that we are currently

reviewing the results of the pilot and that this information should be available, and as soon as it is, we will release the information in a couple of weeks. We would ensure that Mr. Prue gets a copy of the information.

There was also a request as to whether or not the LTB keeps track of people who were evicted as a result of a telephone hearing and how this compares with an in-person hearing. I'd like to let the committee know that the LTB does not keep information on eviction, and therefore that comparison is not available.

There was also a question on October 7 from Ms. Savoline regarding the City of Toronto Act. The question was, how many submissions did the ministry receive? I'd like to report that the Ministry of Municipal Affairs and Housing received approximately 71 submissions. The vast majority of these submissions related to the city's ability to tax, in particular the land transfer tax and the personal vehicle tax.

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There was also a request as to whether or not copies of these submissions might be made available. I'd like to indicate that we will prepare a summary of the consultation and provide that information to the committee. We may not, of course, be able to provide where the comments came from, but we will provide you with a summary of the kinds of comments we heard from members as a result of the public consultation on the city of Toronto proposed changes.

The Chair (Mr. Garfield Dunlop): You have about three minutes left, the government members.

Hon. Jim Watson: I have a couple of other things I'd just like to add with respect to Mr. Craiton, who was good enough to ask the question—maybe not just on municipal issues, but how Niagara has done as a result of investments, not just from our ministry, that have affected the municipal sector in Niagara Falls.

The city of Niagara Falls received \$3.9 million in the Investing in Ontario Act. They have also received \$1.1 million in both 2007-08 and 2008-09 from the gas tax, which has helped your transit system, for a total, between 2004 and 2009, of \$4.7 million in provincial gas tax money, which has gone to help subsidize Niagara transit.

In 2008, Mr. Craiton, your community received \$1.4 billion in roads and bridges money. The city of Niagara also received, under the Build Canada fund, first intake, \$3.2 million; \$2.1 million in the ISF funding; and \$1.1 million in the recreation program, which you and I talked about earlier—a number of very good projects that are going on in your communities.

Of course, Niagara region has also benefited as a result of decisions our government has made. The Investing in Ontario Act saw \$20.1 million go to Niagara region; \$2.7 million for the MIII program; \$3.1 million for social housing repair; a total of \$1.6 million for gas tax; and \$2.4 million for roads and bridges. The projected estimates of the uploads as a result of the fiscal review that we conducted and signed off on a year ago will be \$64.3 million, which is a significant amount of money for the region of Niagara—I'm sure Chair Partington is

pleased with that. The rent bank funding total is \$916,000 for the region, and that has staved off evictions for 669; the social housing repair money in the region is \$17.1 million; and there's ISF funding of \$29.4 million.

You've been a very good advocate, Mr. Craiton, for the people of Niagara and Niagara region. It certainly helps because of your experience as a municipal councillor as well. I think you've walked a mile in their shoes, and you have a greater understanding of how challenging it was for municipalities to survive and thrive with all of the downloading in the previous governments. We're happy to be a partner—

The Chair (Mr. Garfield Dunlop): Okay, thank you. That's enough.

Hon. Jim Watson: I could go on.

The Chair (Mr. Garfield Dunlop): You're way over your 20 minutes.

Now we go to the official opposition.

Mr. Robert Bailey: Minister, I'd like to welcome you back. It's been a while since I've been here with you. I had one of the housing consultations in my riding, just as recently as last week. We had two sessions, actually, and we had a number of questions. I'll forward them to you, the summation of all the comments at the time.

I had a couple of questions that arose either at that night or from phone calls to my riding office and also people who have presented themselves at different times. One was whether you, as a ministry, have ever considered or would consider changing the qualification for the senior subsidy to 60 years from 65? We have a number of people who are in living accommodations where they could qualify for subsidies and that, but they're not 65 yet; they're 60, 61, and need to go into institutions and settlements like that, but don't qualify for subsidies.

I'll ask them both questions, and then I'll give you time to comment. We had a number of people the other night. We had landlords there as well as people who looked for transitional and affordable housing. One of the things that came up was whether you would consider—apparently, when they have to remove a tenant, they have to go to court and the co-ops have to go to court—taking it out of the court system and putting it into the Residential Tenancies Act, because it's very expensive both for the tenants themselves and for the landlords to pursue those actions to remove people. So those were two issues that came up, and I'd just like you to comment on them, if you could.

Hon. Jim Watson: I will, Mr. Bailey. Let me just get to one note here—

Mr. Robert Bailey: You can say something nice about me too.

Hon. Jim Watson: Well, I can, yes. I actually was, I'd written down here—

Mr. Robert Bailey: Just while you're looking for your—

Hon. Jim Watson: I was very impressed that you took the initiative to hold your own housing consultation, because, as you know, we did go to London and Windsor, and I did go to Sarnia, and I did speak to some people

about housing, but it wasn't a formal housing consultation. We encouraged all members to have consultations, because obviously I couldn't go to 107 ridings—it was impossible. What we tried to do was to make a mix of rural, suburban and urban communities, and we had three sessions in Toronto because obviously the city's so large. I very much appreciate your taking the initiative, along with other housing groups in Sarnia, and hosting that. I read about it in the Sarnia Observer. Congratulations to you.

With respect to the age limit on senior citizens, my deputy tells me that the municipal service provider, in fact, can lower the age; it's not a requirement of the province. I believe it's a guideline that we set, but the municipality does have the flexibility to lower that.

On the issue of the Landlord and Tenant Board, we have made some changes to try to bring a little bit more balance back to the rights and responsibilities of both the landlord and the tenant. We now have provided a fast-track eviction process for illegal drug activity, actions that seriously impair the safety of others, deliberate damage to a unit or to the apartment building and causing disturbances in a smaller complex where the landlord also resides. In this fast-track eviction—it's been in place now for a couple of years—the notice period is cut in half, because we want to deal with a problem before it becomes a bigger problem, hearings are scheduled more quickly, and if the application is successful, the LTB may order the tenancy terminated immediately. Such an order requests the sheriff to expedite the eviction.

So if there's a specific case that you feel that we're not dealing with, please, by all means, contact my office and we would be very happy to get in touch with Dr. Ma, who is the head of the Landlord and Tenant Board, and she could have someone walk you through the process.

On the other side, we also take tenant safety seriously, and that's why we changed the Residential Tenancies Act to make it easier to evict persons whose actions pose a threat to other tenants as well. If there is an emergency or if you feel your safety is threatened, obviously, your first call is to the police. We also believe that evictions are a serious matter, and that's why every tenant facing eviction does in fact have a right of hearing. It's not a one-sided particular situation.

On the issue that you brought up with respect to seniors and the threshold, there was a little bit of confusion over that fact. I know in my own community there were a number of seniors' buildings, and over the years what happened was that they became mixed buildings, and the seniors were very uncomfortable having, in many instances, teenagers coming in and living in their building, and it was upsetting to them. We've now allowed housing providers to designate buildings as seniors' buildings. We have word back from the Human Rights Commission that you can't be found discriminating if you don't allow a young person into a seniors' building. There is that protection.

Local service managers sometimes think—it was, in fact, a provincially imposed direction by a previous

government, but that's now been changed, and you can have a seniors-only building. We're quite pleased that we've given the authority to the local folks to make that decision, and I can understand. I know some wonderful buildings in my community that became less than wonderful when a whole bunch of young people moved in and started to cause troubles in the building. It's not just an ageism thing—it's not just young people; there are some middle-aged people—but there is that common bond when you're a senior citizen. You like to be with other senior citizens.

Mr. Robert Bailey: Thank you very much.

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The Chair (Mr. Garfield Dunlop): Mr. Arnott?

Mr. Ted Arnott: I have a couple of simple, direct questions for the minister to start off.

Do you consider yourself an advocate for the municipalities in the province of Ontario, as part of your job description as Minister of Municipal Affairs?

Hon. Jim Watson: I do.

Mr. Ted Arnott: And further, have you attended public events or announcements whereby provincial government funding has been announced for infrastructure projects, even though that program is administered, as you've pointed out, through the Ministry of Infrastructure and, to some degree, the Ministry of Finance?

Hon. Jim Watson: I've been to various projects in my own riding, for instance, with my federal MP.

Mr. Ted Arnott: So you do have involvement.

Hon. Jim Watson: As the local MPP.

Mr. Ted Arnott: One of the municipalities that I'm privileged to represent, the town of Halton Hills, has brought to my attention a number of their infrastructure needs. They have felt shortchanged in terms of the federal-provincial infrastructure programs. I want to read to you an e-mail that I received from Councillor Bryan Lewis of the town of Halton Hills.

"Ted: We spoke of the Halton Hills need for arenas and just how the federal and provincial funding was allocated. I have been informed of the 'real' total of funding presented to Halton county communities. This is where it gets hard to understand the political fairness (if there should be such).

"Research says that both branches of government awarded the following to all Halton communities:

—Oakville: \$30 million;

—Milton: \$29.6 million;

—Burlington: \$17.3 million;

—Halton Hills: \$2.33 million.

"We are not ungrateful for the assistance but this is to the point discussed yesterday: How can one understand and describe to our constituents any form of 'fairness'?

"Thanks for listening/reading as I will continue to present any aspect to support the 'obvious need' for arenas in Halton Hills."

Bryan Lewis is the former head of officiating in the National Hockey League, so he knows something about hockey and he knows something about arenas. He was the chair of the mayor's task force on—they called it the

Georgetown arenas task force. They presented a very compelling report of the need for new arenas in Georgetown. What they are recommending and what they've identified in terms of need is a replacement ice pad for the aging existing Memorial Arena, as well as an immediate expansion with two additional ice pads, as well as a third ice pad by 2016.

This gets to one of the points that I've been expressing concern about for some months now, and that is, it is extremely difficult for municipalities to get answers from either level of government—the federal or the provincial government—if they submit an infrastructure application under one of the joint programs and have not been successful. I have called for a formal debriefing opportunity for the municipalities that have been unsuccessful and we've brought this to the attention of the Minister of Infrastructure, and he doesn't reply in any meaningful way in terms of explaining why those municipalities were not successful.

I tried to explain to them that it's my understanding that in the past these programs were scored objectively by public servants who looked at the applications and made a determination, hopefully, on a fair and impartial basis as to which communities were going to receive funding and which were not. But we know that there may be a political component at the end in terms of the decision and we just don't know, really, to what extent the political component creates the final decision.

So my question to you is, why is there not some sort of a formal debriefing opportunity for municipalities that have been unsuccessful in terms of their infrastructure applications, and will you advocate with your colleagues, the Minister of Finance and the Minister of Infrastructure, to establish one?

Hon. Jim Watson: Thank you, Mr. Arnott, for the question. The program that the federal and provincial governments signed up for for recreation facilities, which I think is the one that you're asking about, is certainly near and dear to my heart. When I was the Minister of Health Promotion, responsible for sport and recreation, I worked very hard to try to convince the federal government to come to the table with recreation funding because I knew at first hand there were an awful lot of Centennial projects out there, or memorial arenas, that were showing their age. In fact, I used the statistic all the time that I think something like 50% of arenas in Ontario were over 50 years old and they were not environmentally or economically sound to keep running the same way.

Mr. Ted Arnott: You may recall that your ministry at that time supported projects in New Hamburg and Elmira which were in my old riding of Waterloo–Wellington.

Hon. Jim Watson: That's right, and Woolwich and Wilmot.

Mr. Ted Arnott: That's right.

Hon. Jim Watson: And we had some very good success and I know those projects are up and running. I've seen pictures of them—I haven't been back to see them—and they're beautiful facilities.

I had always argued, both as a former mayor and, at the time, as the Minister of Health Promotion, that there was a real need to invest in some so-called “soft” infrastructure projects, such as recreation and cultural facilities. The feds and the province would always come back and say, “Well, we have an infrastructure program, and it's up to the municipality to determine its priorities.” You know full well that if you had a crumbling bridge and an arena that needed replacing, the bridge always won out.

So I was very happy that, working with provincial and territorial sport and recreation ministers, we had a stand-alone summit a couple of years ago in Toronto. We asked the minister, who at the time was your MP, Michael Chong, and he was very sympathetic to the cause, so I suspect he probably had some success at the federal level lobbying Minister Flaherty to include the RInC program.

With respect to any kind of debriefing, it would really have to come from the Minister of Infrastructure, federally and provincially, to offer that kind of a debriefing. I can't make excuses for them, except I do know they've been overwhelmed trying to get the money out the door, and they may just not have the time until all of the funds have flowed. As you know, there's one last wave of funding in the not-for-profit sector that still hasn't been announced, so once the dust settles, I'm sure it would be only fair for both sets of public servants to go and debrief the individual municipalities that did not benefit. I know that they are flying by the seat of their pants to get the money out for the three existing programs and the fourth one that is still in the pipeline. But it seems like a reasonable request, and I can certainly follow up with Minister Smitherman. I'm sure Mr. Chong can ask Minister Baird the same thing at the federal level.

I would point out that Halton Hills did receive some RInC money. If I'm not mistaken, they did receive \$332,000—I'm not sure what project that went for—and they received \$1.1 million in ISF funding. Halton region received \$22 million in ISF funding. So there was money that did go to Halton—I don't want to leave the impression that they didn't get money—and they also received MIII money: Halton Hills received \$3.5 million, and Halton region, \$14 million. Roads and bridges money to Halton Hills was \$983,000, and to Halton region was \$1.09 million. They were not shut out, obviously, but they didn't get as much money as they wanted. They're in good company, because we obviously couldn't afford to fund all of the projects that came through the application process. We were blessed with a lot of requests, but also cursed because we couldn't live up to everyone's expectations.

Mr. Ted Arnott: Do we have time still?

The Chair (Mr. Garfield Dunlop): We have five minutes left.

Ms. Savoline:

Mrs. Joyce Savoline: If you've got another one, you finish.

Mr. Ted Arnott: Just for the record, Minister, I did copy you on a letter on July 21 to the Minister of Energy and Infrastructure, to inform your office as well of the

arenas task force. I would submit and suggest that municipalities need your strong advocacy in terms of these kinds of issues, and I certainly appreciate your willingness and your undertaking to contact the Minister of Infrastructure to talk about this.

Again, you're somewhat at a disadvantage because you don't have Councillor Lewis's e-mail in front of you—I'll make sure you receive a copy of it—because he's focusing on the relative disparity of funding for the town of Halton Hills vis-à-vis the other municipalities in Halton region.

Hon. Jim Watson: Do you know, Mr. Arnott, if their project was shovel-ready? Because that was one of the top priorities: It had to have been completed by March 31, 2011. If it didn't meet that criterion—in other words, if you didn't even have the blueprints or the zoning—it probably would not have met the first wave of approvals at the bureaucratic level. So was it a project ready to go?

Mr. Ted Arnott: I understand that that was one of the key criteria of the program.

Hon. Jim Watson: But was it ready to go?

Mr. Ted Arnott: They have a report identifying need. To suggest that they have plans drawn up is probably something—

Hon. Jim Watson: Sorry?

Mr. Ted Arnott: I don't believe that they would have necessarily qualified as shovel-ready according to your definition, but I would have to double-check.

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Hon. Jim Watson: Okay, because that may be the obvious reason that they wouldn't have been eligible. The federal government very much wanted this program to create jobs in the short term, which is a noble goal. That did eliminate a number of projects. In fairness to Halton, this program came about relatively quickly and the application process was relatively quick. There were a number of municipalities, obviously, that did have projects that were spinning their wheels at the gate, ready to go, and those were the ones that got the highest priority. Even though drafting plans and architects' fees and so on is creating jobs, the feds were telling us that they wanted to see shovels in the ground. So that probably could have been one of the reasons for what happened there.

Mr. Ted Arnott: I assume you did too.

Hon. Jim Watson: Okay.

The Chair (Mr. Garfield Dunlop): There are three minutes left.

Mrs. Joyce Savoline: Okay, then I will begin. I'd like to go back to the integrity commissioner question that Michael Prue asked on October 6. As you know, he and I both feel that an integrity commissioner for municipalities is an important thing in today's world.

Having said that, I think it is obvious that hiring more staff, especially any kind of support staff, might be onerous for many municipalities today. So, similar to what we saw in the role of the Ombudsman, where municipalities were given the option to designate, and those that couldn't—by default, probably, and based on budget

reasons—didn't, but the province wisely created an Ombudsman for the entire province, would you consider, Minister, creating the position of a municipal integrity commissioner for the province so that municipalities and folks living in municipalities could avail themselves of those services?

Hon. Jim Watson: The short answer is no, I wouldn't consider that. I would very much like to see you present that at an AMO meeting as a suggestion, because I think you'd get a frosty reception from the municipal sector. As you know, as a former municipal leader, "Father knows best" from Queen's Park telling the municipalities how to run their governments doesn't go over very well.

I very much believe that the municipal sector is a mature order of government. We've given them the tools to create an ombudsman or an integrity commissioner or an auditor general. Some municipalities have taken up that option, but they are doing it on their own and they're doing the hiring of the individual. I think that to have the province come in and impose its Integrity Commissioner on the municipal sector would not be well received, and it's certainly something I would not support as a municipal affairs minister.

I can tell you that there was a fair amount of frustration when we even gave the option for the closed-door-meeting investigator to either the municipal sector, to hire their own, or AMO, that set up their own branch, or the Ombudsman. The Ombudsman very much wanted to push and become the entire closed-door-meeting investigator, and AMO was very much against that. Many municipalities said, "We don't want the provincial Ombudsman meddling in our business. We want our own ombudsman, thank you very much. We're mature levels of government and we're quite able to hire our own individual and keep them arm's-length."

The Chair (Mr. Garfield Dunlop): That pretty well brings us to the end of this rotation of 20 minutes. We'll pick that up later, maybe. We'll now move over to the third party. Thank you. Ms. DiNovo?

Ms. Cheri DiNovo: Thank you, Mr. Chair. This is an issue close to my heart, and then I'll get back to more about the lack of affordable housing in this province and the fact that we're going to be looking at more deaths on the street this year, and that 130,000 households are waiting on the affordable housing lists as we speak and the number is rising.

Bill 198, which was my private member's bill calling for a change to the Planning Act that would allow municipalities to bring in inclusionary zoning if they chose to, passed second reading. I just highlight inclusionary zoning because, looking at 2007 alone, we had construction of 68,123 new homes. Had we an inclusionary zoning policy in Ontario and municipalities like they have in Maryland, for example, we would have produced 12,500 new affordable homes across the province in 2007 alone.

The question is this, and it's being asked not by myself, but by senior planning officials in municipalities, Toronto—even Hazel McCallion thinks this is a great

idea. The question is, is this going to die on the order paper, or will the minister commit to having Bill 198 before a committee as soon as possible?

Hon. Jim Watson: I would challenge your assertion that Mayor McCallion supports the bill. I'd like to see a letter from her to that effect, because that's not my understanding of her position.

Secondly, with respect to your private member's bill, it is a private member's bill and it's not up to a minister to determine or to influence that particular bill. We try to keep out of these particular issues because we respect the rights of private members to bring their own bills forward.

This is an issue that has come up a couple of times during the course of the long-term affordable housing strategy. These ideas will be fed into the process. I don't want to prejudge what's going to be in our strategy.

Ms. Cheri DiNovo: Again, the question really is about inclusionary zoning and what you think about it. Are you willing to see Bill 198—and you do have a say, you are the Minister of Housing, on whether this bill gets to committee or not through your House leader. So I'm asking you again, would you commit to putting a rush on this bill, as senior planning authorities and municipalities would like to see this?

Hazel certainly indicated to me in your presence that she does not have the capacity right now to introduce inclusionary zoning because of the existence and the role of the OMB. I have that from her mouth, but I certainly will talk to her about it. I'm sure this could only help in the arsenal of municipalities, and since you are a pro-municipal guy, what's to hold up inclusionary zoning changes to the Planning Act?

Hon. Jim Watson: You came over to our table at the Legislative dining room when I was meeting with Ms. McCallion. You said that you support inclusionary zoning. After you left, it was clear she did not understand specifically what you were asking. I explained it to her, so you may want to go back and get that clarified.

Ms. Cheri DiNovo: I will. It's my understanding that Hazel doesn't miss much.

Hon. Jim Watson: No, she doesn't, but I think she may have misheard something that you had said, because you were, I believe, on your way into the Legislature and it was just a very brief table conversation.

On the issue of inclusionary zoning, again, the government House leader is the one who determines which bills are going to go forward. They're prioritized based on their importance, so I can't prejudge what the government House leader is going to bring forward. As you know, very few bills get to the next couple of stages, just because there are so many of them. At any one time, there could be over 100 on the order paper.

But I indicated to you that I did hear from a couple of groups over the course of the consultation process about their desire to have inclusionary zoning. To the best of my recollection—I stand to be corrected—I have not received any council resolutions asking for inclusionary zoning, and I've certainly never had a delegation at AMO

come to me and ask for inclusionary zoning, unless one of my parliamentary assistants has. I'm not prejudging yea or nay to the idea, but I just think that out of fairness, we have to bring all of the ideas to the table and look at those that we think are good, that are going to help the situation and that make sense. If it meets those criteria, then it may find itself in the final draft of the document.

Ms. Cheri DiNovo: It would just be nice if it was in the final draft of the response. Certainly I will get letters to you from planning authorities regarding this, because absolutely there is support.

Hon. Jim Watson: Yes, I'd like resolutions. I don't want one planning commissioner to send a letter. He or she doesn't speak for the municipality. Council speaks with a resolution, not by one advocate.

Ms. Cheri DiNovo: Yes, certainly we'll work on that.

Rental opportunities for Ontario families: The housing supplement program is set at \$27.6 million, down from \$33.9 million in last year's estimates. Why is that?

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Hon. Jim Watson: The take-up for the ROOF has been quite successful. The program achieved close to 78% of the total program target: 27,350 allowances. After the first round of applications went out, we received 14,700 that were registered in the program. A second opportunity was provided for families to apply, which brought the total eligible number of families up to 21,551. So we didn't get as many families registering as we thought, or that we had money for, but we certainly did try. We set the criteria, we worked with the Canada customs and revenue agency—their files were provided to us to give us a specific mailing list of those individuals who met the threshold for income. We did two full mailings. We worked with community health centres and housing providers through advertising on site. There was a mass mail-out of over 90,000 brochures and posters to approximately 6,500 community organizations and offices. We just didn't get as many people applying as we would have liked. We can't force people to apply to a program. We made the documentation available in many different languages as well, but unfortunately, we didn't fill the entire amount of money that was available.

Ms. Cheri DiNovo: Will that money, then, be re-allocated to affordable housing or go back into housing?

Hon. Jim Watson: Yes.

Ms. Cheri DiNovo: Okay. This is a bit of a preamble: On page 14 of the estimates, the capital expenses for housing are set out in vote 1904-04. Overall, the numbers are way up, thanks to the federal government's \$2 billion in affordable housing funding announced in the January economic stimulus budget. The province's share of the social housing repair dollars in the federal program is \$176 million.

It's important to note that while this vote item will be up in overall terms this year and next as the federal dollars are matched by the province and flow through the estimates, this underlines that in Ontario housing policy is being written by the federal government, with the provincial government merely agreeing to federal

priorities. The federal priorities are social housing repair, seniors' housing, housing for people with special needs, and on-reserve aboriginal housing. No doubt these are good priorities, but there are plenty of others, including non-seniors' housing, housing for youth and singles—singles in particular—off-reserve aboriginal housing and so on. While the capital dollars are way up for social housing repairs thanks to the federal initiative, the dollars for the affordable housing program, which is the main program to support new affordable housing across the province, are way down.

So the question, then, flows from that. The federal contribution to AHP in Ontario is set at \$16.7 million, down from \$59.6 million in last year's estimates. The provincial contribution to AHP is also down to \$21 million this year from \$36 million last year. Why is that?

Hon. Jim Watson: Just a couple of corrections. You mentioned the need for off-reserve housing for the aboriginal community: That's exactly what the aboriginal housing component is. We don't fund on-reserve housing at the provincial level. The aboriginal housing money is exclusively for off-reserve, because as you know the federal government has the responsibility for on-reserve.

Secondly, with respect to us taking our lead from the federal government, no, we're taking the money from the federal government, they're taking their lead from us based on the AHP, which was driven by the provincial government, signed by Minister Gerretsen and the previous federal minister from London, Mr. Fontana. This is a renewal of the old AHP that was signed five or six years.

We're very comfortable with the document that I signed a couple of months ago with Minister Finley. We're appreciative of the funding. We wanted to have some flexibility in years three, four and five of the AHP, which we were given. We made some minor tweaking to the first two years, including upping the per door unit from \$70,000 to \$120,000, but the addition of low-income seniors and persons with disabilities was very much in line with this government's priorities on poverty reduction and the work that we've done on the Ontarians with disabilities act. So it fit very nicely with our priorities.

With respect to the figures that you're quoting and showing the figures going down, I don't know if Dana can offer some insight into those points. Dana Richardson is our acting ADM, as our ADM on housing is ill.

Ms. Dana Richardson: If you actually look further into some of the detail in the estimates briefing book on pages 150 and 151, it shows a breakdown of the actual programs themselves and what some of the actual lines are. With respect to the affordable housing program that you made reference to, what you see in the estimates is the wind-down of the old program as it's fully expended and the beginning of the new program. So when you see it in these ways as they fit into each fiscal year, both things are happening at the same time. You'll see that there are increases for the new social housing capital repair and renovation program also showing up in that capital line. So the increases are also happening and

identified in a different program, but the original AHP is winding down and the new one will be starting up. So those two things are happening in those numbers.

Ms. Cheri DiNovo: So, essentially, what you're saying is that this is an accounting issue rather than a real dollars issue?

Ms. Dana Richardson: The real dollars will be flowing, and in fact we're required to flow those dollars in the next two years. So you will see the total amount recognized in the adjusted figures for this year and next year.

Ms. Cheri DiNovo: So the provincial contribution is not down \$15 million in real dollars?

Ms. Dana Richardson: There was a reduction in the provincial contribution; there was also a reduction in the federal contribution of \$42 million, and that's because of the old program winding up. That program has ended, as far as the flow of money is concerned.

Ms. Cheri DiNovo: So we can expect to see money increasing in the future?

Ms. Dana Richardson: For the two years that are coming up, you'll see the full amount of the province's \$622 million being reflected in these numbers.

Ms. Cheri DiNovo: Okay. Another question from stakeholders regarding housing affordability: Housing benefits have been part of government housing policy for many years. The PC Party promised a universal housing benefit program in 1995 and brought in a modest shelter allowance program. A limited benefit program was started in 2007 using federal dollars. Many groups, including the Daily Bread Food Bank and the Metcalf Foundation, have called for a housing benefit of \$119 per month for families with children and \$96 for childless adults to pay 75% of the difference between actual paid rent and 30% of income, with no clawback for social assistance recipients. Landlords would not know that the tenant was receiving this benefit so it wouldn't lead to rent inflations. Flowing from that, has the government assessed the option of a new housing benefit? What did it find, if it has? And if it hasn't looked at this option, why hasn't it?

Hon. Jim Watson: We received a number of very thoughtful briefs and presentations from a number of different groups, both landlord and tenant groups and anti-poverty activists dealing with the concept of a portable housing benefit. As I've indicated in the past, these kinds of issues are being discussed as we put together a long-term affordable housing strategy. We're working with our partner ministries to analyze some of the proposals that have been brought forward, including MCSS and the Ministry of Finance. It's obviously complex; there's a cost involved.

When we set out to do our long-term affordable housing strategy, one of the comments I made at every session I went to was, "While it's nice to dream about great ideas, we also have to live in the real world of affordability." We're not going to come up with an action plan that is so cost-prohibitive, it's going to sit on a shelf and collect dust. I'm not interested in wasting my time or that of the good people who have come forward.

It was the same premise that we operated on with the Provincial-Municipal Fiscal and Service Delivery Review, where the Premier set out the criteria that it had to be affordable to both orders of government in that case, and that it also had to be a consensus report. My hope is that when we come up with our report, it's going to be a report that reflects many of the values and ideas that we heard, but also that can fit within the fiscal framework of the government of Ontario, because there's no sense in coming up with some Disney-like plan that is completely unattainable, that does nothing to help house people, and that angers people because they say, "Well, you're not going to put any money into it."

There's always going to be money for capital infrastructure in the government of Ontario. My job as the housing minister is to work with other ministers, including Minister Smitherman as the infrastructure minister, to ensure that we get a fair share of infrastructure money on a go-forward basis for housing.

So far, I'm proud of my track record—\$100 million in repair and rehabilitation in 2008. Previous to that, we had the funding from the AHP, which was about \$735 million, and now we're the great beneficiaries of \$622 million from both the federal and provincial governments to be spent over the next two years.

So we've got a pretty good track record. Obviously, our stakeholders want us to do more, but when I speak to the stakeholders in private, they are very appreciative of the fact that we've kept our elbows up, we pushed the federal government to come to the table. They did come to the table, we matched it with our funding, and we are actually living up to our campaign commitment to develop a long-term affordable housing strategy.

Ms. Cheri DiNovo: And we still have 130,000 waiting on affordable housing—the worst record we've ever had in this province.

Hon. Jim Watson: Well, I'm interested—that's why I was hoping you would come to one of our sessions and offer your insight—

Ms. Cheri DiNovo: I'm having my own, but I will definitely give you all the results of that.

Hon. Jim Watson: Great, because to date, I have not received any suggestions from you on how we can feed into the housing—

Ms. Cheri DiNovo: Oh, come on. The inclusionary zoning bill alone was a suggestion, among other bills that I've submitted, like housing as a human right, building 20,000 new units of affordable housing, which you promised when you were elected. That's on the order paper. Check the order paper, Mr. Watson. You'll find all my bills and motions.

Hon. Jim Watson: I checked the record that you called \$1.2 billion "crumbs." Maybe where you come from that's crumbs, but in my life, \$1.2 billion is not crumbs—

Ms. Cheri DiNovo: We're talking federal—

The Chair (Mr. Garfield Dunlop): Okay—

Hon. Jim Watson: And then \$622 million from the province, and then you called \$100 million "meagre." I don't consider that meagre.

The Chair (Mr. Garfield Dunlop): I think with that, we can finish this round and reconvene after routine proceedings, at around 3:30. With that, we'll reconvene later on.

The committee recessed from 1023 to 1546.

The Chair (Mr. Garfield Dunlop): We'll call the meeting back to order. Welcome back, to the Minister and the staff.

I understand that the government members would like to give up their time. We're trying to—what I'm hearing today is that the government is trying to get the minister out of here today.

Mr. Lou Rinaldi: Chair, we're going to try to do that but we have to wait for the NDP to give their consent, so I suggest we start as usual and then we'll do that.

The Chair (Mr. Garfield Dunlop): Okay. We'll stand down your rotation for the time being because you—

Mr. Bob Delaney: We'll stand down our rotation at this time.

The Chair (Mr. Garfield Dunlop): All right. We'll turn it over to Mrs. Savoline, from the official opposition.

Mrs. Joyce Savoline: My first question, Mr. Minister, is regarding the underserved area plan again. I know that it's a cross-jurisdictional issue, but once again, you are considered the champion for municipalities and their causes, and should this program continue the way it's suggested it's going to, and change the way it's being suggested it's going to, it's going to leave some municipalities in some hardship. As much as this is the Minister of Health and Long-Term Care's program, the Minister of Municipal Affairs will be the one who I think will get the mail from the municipalities, should they find themselves in hardship.

I know, from my delegations at AMO and speaking to folks there, that there is some level of concern regarding the changes that are being proposed to the underserved area program. There has been a program in place for a few years now on recruiting physicians to municipalities. If this change that's going to occur is going to cause hardship to municipalities and they no longer have—some municipalities who have had access, now, with the change in stats, no longer will have access; under the old rules, they would have. Are you, as Minister of Municipal Affairs, prepared to stand for municipalities which will no longer have access to this program to recruit physicians?

Hon. Jim Watson: As you prefaced your remarks, Ms. Savoline, this is an area that really falls outside my jurisdiction as Minister of Municipal Affairs.

I can say a couple of things on the issue. One, we're very pleased, as a result of measures our government has taken, that there are now 800,000 more Ontarians with a family physician than was the case in 2003. I see that all the time. I don't get as many calls in my own constituency office from people seeking a family physician, because we've taken a number of steps. The Northern Ontario medical school is now up and running. We've increased the number of med school spots at places like

Ottawa U and U of T and McMaster, and that has certainly helped the situation.

We've created over 150 family health teams. A family health team physician is able to see many more patients than a traditional doctor-and-receptionist arrangement that was the case for many decades in Ontario.

I know that in Mr. McNeely's community they're working very hard at developing a health hub as a sub-section of the Montfort Hospital.

The issue of the underserved program did go to the AMO MOU table last week and there was a very good discussion with officials from various ministries. AMO is developing a position and offering some input. As you know, those meetings are confidential so I can't breach the confidentiality agreement that we reached with AMO, but it was a very good and thorough discussion that AMO had.

We're engaged in the file simply because the municipalities have an interest in it. I was the one who helped set the agenda for those meetings, so I was pleased that that item was on the agenda.

Mrs. Joyce Savoline: I want to go back to the OMPF again, please. There still is some concern out there about how this program is going to roll out. The municipalities have already received their notices that the 2009 amounts are going to remain stable, but the calculation is being reviewed for future years.

As we talked about earlier in this process, the stability and the predictability in funding for municipalities is very important to them because, in most cases, they do multi-year funding, so not to know what's going to happen in the near or short-term future anyhow is problematic to them.

To have a stable relationship between the province and the municipalities in these funding issues, any delay in announcing how the changes are going to occur, I think, creates hardship as they begin preparing their budgets, and a lot of them have already had their initial budget meetings for the 2010 budget. Their processes start very early. When will municipalities have more information about how the recalculation is being done on OMPF?

Hon. Jim Watson: I don't have the specific date because it's a decision of the Minister of Finance, but we did undertake, when we signed the Provincial-Municipal Fiscal and Service Delivery Review, that we would do two things: (1) We would provide mitigation funding for 2009, which we did, which totalled approximately 74 million additional dollars to the municipal sector, and that money has been delivered; and (2) we would undertake a review in collaboration with AMO. That review has been going on for the past couple of months and the Minister of Finance indicated that he is very conscious, as a former city councillor himself, of the need to get the information to the municipal sector well before the end of this calendar year, which of course is the end of the fiscal year for the municipal sector. So I suspect that Minister Duncan will live up to that commitment to have the information to the municipal sector in the next couple of months.

I would point out, though, a couple of things. First of all, in 2009 the province of Ontario is providing \$949 million in OMPF funding to 405 municipalities. That money is made up of \$704 million in OMPF funding itself and \$245 million as a result of the upload of the ODP and the ODSP benefit.

Now, that combined benefit is in essence a \$105-million or a 12% increase over March 2007, and a \$330-million or 53% increase over the previous program, which was the community reinvestment fund that I think you're familiar with, the CRF fund. The CRF fund that I lived through and you lived through, as municipal politicians, clearly was not meeting the objectives or the aspirations of the municipal sector, both in terms of funding and also in terms of clarity. It was a very complex formula.

The OMPF funding is much more transparent. We have provided mitigation funding for the last several years, even though we were not required to, and in some instances the municipalities that have received the mitigation funding have perhaps become too dependent on that money, knowing that it was money that they were not entitled to. That was why we couldn't, a year ago this month, agree to anything more than the base funding of the 2008 figure for OMPF, plus one year of mitigation.

My experience has been that most municipalities, the responsible ones, don't book money unless they have it firmly committed. I always assumed the worst when it came to the provincial government in terms of money coming in. If we got additional money on top of that, that was a bonus and we were able to adjust accordingly. But the advice that both Minister Duncan and I have given to the municipal sector is, "Don't assume you're going to get extra money. Budget accordingly. Budget conservatively"—small c—"and subsequently, if we're able to do anything on the mitigation front, we'll let you know before the end of the fiscal year."

Mrs. Joyce Savoline: Okay, but I guess that in their own calculations, when they are looking ahead and trying to presuppose how the new calculations will be done, many believe that they are going to be in a worse position. I know I asked you at a previous session whether or not your government has done a calculation on how many municipalities that are receiving the OMPF will be in a worse position, but you kind of indicated that that calculation has not been done, so there is no idea of how many municipalities might be worse off in the difference of funding.

Again, I'm going to ask this on behalf of the municipalities that have contacted me, and these are mostly lower-tier municipalities because the uploading savings are really going to happen at the upper tier. This affects the lower tier, and they don't understand how this exchange is going to take place without them feeling some negative financial effect. If they are put in a worse situation as a result of the OMPF swap, will they get help to smooth that transition?

Hon. Jim Watson: Let me just start with the premise that every single municipality in the province of Ontario is better off financially today than they were when we

took office in 2003. That is a fact. I have some wonderful quotes from you. If you want me to, I can pull them out. You were praising the provincial Liberal government—

Mrs. Joyce Savoline: We're talking about this swap, Mr. Minister

Hon. Jim Watson: —when you were regional chair. Every municipality is better off from an infrastructure and capital investment point of view and from an operating dollar point of view, because we have been good partners with the municipal sector. We have not down-loaded; we've uploaded. We have not cut back transfer payments; we have increased transfer payments.

With respect to the fiscal review, you're quite correct: A good portion of the money does flow to the upper tier. But who makes up the upper tier? Lower-tier individuals. So it's up to the lower-tier mayors and reeves and councillors to convince their upper-tier level of government. I'm sure you were very reasonable as regional chair in Halton. When mayors came to you and you saw a wind-fall of money that benefited the region, I'm sure you would have shared a portion of that on a per capita basis to the lower-tier municipalities. That's what partnership is all about in a two-tiered system.

I've given you the figures for Halton, the benefits: It's in the tens of millions of dollars, and that is taking the place of services that we are now paying for at the province. That is new money, and the region has the choice. They can share it amongst the lower tier, they can expand programs if they want, they can give tax relief to the citizens, but it's ultimately the same taxpayer. There may be two levels of government, but it's the same taxpayer. So I would encourage those lower-tier municipalities to figure out how much new money is coming to the upper tier and ask for a portion of it if they are going to be adversely affected as a result of loss of mitigation funds for OMPF.

With respect to the specific question you asked, the OMPF funding formula has not been determined, but that is a question that Mr. Duncan can more aptly answer.

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Mrs. Joyce Savoline: Okay. Then perhaps you could, on behalf of municipalities, suggest to the Minister of Finance—would you?—that if there is a loss in funding to municipalities, there would be a consideration for a phase-in of the program so that the negative impact could be spread over time.

Hon. Jim Watson: In fact, Mr. Duncan was here, I believe, for seven hours. I don't know if that question was asked of him. I can't speak on behalf of the Minister of Finance, unfortunately. I think you were a member of this estimates committee when he was here, so that would have been a question to ask Minister Duncan.

Given the fact that the word "municipal" is in the title, there's the sense that it's my program. It's a bit like the Ontario Municipal Board, which falls under another minister as well. But certainly I'm proud of the fact that we were able to reach a consensus deal with AMO and the city of Toronto, and part of that deal was that we would give one year of mitigation—not two or three

years but one year—and review the OMPF funding formula. We've lived up to those commitments and we hope that Minister Duncan will have news on the OMPF funding formula within the next couple of months.

Mrs. Joyce Savoline: I'd like to move on, then, to the environment and land use planning cluster. I know that interviews are happening right now for positions on that new superboard, and I'd like to ask why your government saw the need to create this superboard and to create a new position, the chair position, for this board.

Hon. Jim Watson: That falls under the responsibility of the Attorney General. It's not my ministry.

Mrs. Joyce Savoline: So you know nothing about it at all?

Hon. Jim Watson: No, I'm familiar with it, but as you know, in the estimates committee you call ministers and ask them questions of their responsibility. This is not part of my—

Mrs. Joyce Savoline: But municipalities have concerns about this, Minister. You are the Minister of Municipal Affairs, and so they look to you to explain to them—it's like the melting pot, and it stops this idea of silos in the government if you can have one minister responsible for municipal affairs who has programs of his or her own but can also explain to municipalities what is happening out there in that big provincial government world. So that's why I'm asking you these questions, because municipalities have these concerns.

Hon. Jim Watson: Perhaps you could forward some of those concerns, because the last I checked in my correspondence, I've received no correspondence from any municipality raising a concern about—I believe you're discussing the executive chair of the tribunals, which is one of the reasons why we're trying to break down the silos, to have all of these tribunals report to one minister and the executive chair to be responsible for the coordination of all of the various tribunals.

I think it's a model that makes sense, but again I have not—at AMO, ROMA, NOMA, not one delegation has come and spoken to me and expressed any concern. So if you have municipalities and you'd like to give me their names right now, or correspondence, I'd be happy to follow up with them and bring their concerns to the attention of the Attorney General.

Mrs. Joyce Savoline: So you're not prepared today to answer any questions on this new agency?

Hon. Jim Watson: With respect, Ms. Savoline, I'm the Minister of Municipal Affairs and Housing. I've told you now twice I don't have responsibility for this. It would be like asking me a question about our troops in Afghanistan. I don't have responsibility for that either. It's a completely different portfolio at a completely different level of government.

So I'm not trying to be difficult, but I'm not an expert in every ministry's business. The Premier appoints people so that they can develop an expertise in a particular area. I've indicated that I have received no input or correspondence or contact on this issue; otherwise I probably would be better briefed on it, because the

municipal sector act as an early warning signal for me, what they're concerned about. As you know, they don't hold back. If they have a concern with an issue that's before the government of Ontario, they would ask me about it or they would ask that it be on the AMO MOU agenda, and it has not been asked of me.

Mrs. Joyce Savoline: How much time?

The Chair (Mr. Garfield Dunlop): You have another four minutes. Actually, three minutes. Sorry.

Mrs. Joyce Savoline: There's an OMB online feedback form. The online feedback form allows the public to submit their comments directly to the citizen liaison office. How many submissions have you received in 2008-09?

Hon. Jim Watson: Again, as you know, the OMB falls under a different minister. I can tell you, for instance, that the number of cases filed at the OMB decreased by 11% in 2008-09—

Mrs. Joyce Savoline: Sorry, decreased?

Hon. Jim Watson: Decreased. In 2006-07, there were 1,932 cases received by the OMB. In 2008-09, that dropped by 11% to 1,581 cases. I am told by the OMB that this is due, in part, to changes to the Planning Act to make the system simpler and more transparent. I think the introduction of a citizen liaison office has been of some help as well. It allows people who don't have the expertise to go to this office that will help citizens understand the appeal process and how they can participate. It also provides recommendations to the OMB on how to improve access and the transparency of the operations. We've also instituted the elimination of the applicants' right to appeal to OMB when a municipality does not support an application that relates to an urban boundary expansion. There's new power for the OMB to dismiss repeat applications without a full hearing and to dismiss appeals if applications have changed substantially from that which was originally before council. The OMB can now, under the new Planning Act changes, send back any substantial new information and material to council for its reconsideration.

The other item that the act allows is that municipalities may establish a local appeal body, an LAB, to replace the OMB to hear appeals of minor variances and consent matters. Regrettably, only Toronto has looked at it. I believe Ottawa has mused about it, but they have not instituted the local appeal body, which I think is a good example of empowering local neighbourhoods to make their own decisions. This local appeal body throughout the province, if it's instituted, I'm told would cut back business—if you would—to the OMB by about 50% to 60%. So it would take a fair amount of pressure off the OMB so that, clearly, the major cases would go to the OMB and consents and minor variances would be held at the local appeal body level, similar to a committee of adjustment appointed by the council and responsible to the council.

The Chair (Mr. Garfield Dunlop): Okay, that's just about perfect. We'll move over to the third party.

Mr. Bob Delaney: Chair, just before you move, just on a point of order: I seek unanimous consent to deduct

the government's remaining time for questioning from the total time for consideration of the estimates of municipal affairs and housing.

The Chair (Mr. Garfield Dunlop): Are we in agreement? Okay, that's great.

Ms. DiNovo.

Ms. Cheri DiNovo: I preface my questions with comments that I've heard from housing activists and faith leaders across the province on the abysmal and, some say, disastrous state of housing in the province of Ontario: 130,000 households waiting an average of 10 to 12 years for affordable housing. This is within that context.

This is about the absence of rent control in the province of Ontario. We have vacancy decontrol. Ontario's current rent regulation laws provide some protection from predatory practices by private landlords while the tenant occupies a rental unit, but there is no regulation of vacant properties, called vacancy decontrol, and new properties. According to Statistics Canada, Ontarians are highly mobile. More than 13% of households move annually and more than 41% move over a five-year period. Landlords can rapidly increase rents on vacant rental units, which is one reason—and this is overall—why annual renting costs tend to increase faster than the rent increase guideline allowed under Ontario's rent regulation laws. Vacant units can also be more easily converted or demolished for financial gain.

So my question, then, for the minister is, what is the ministry doing to address the barrier to affordability that vacancy decontrol poses and that rent control might perhaps might remedy?

Hon. Jim Watson: I just wanted to comment on your opening preface. You're quoting individuals—I'm not sure who they are—about the government's track record. I'd like to quote a couple of individuals who have a different perspective than your quotes on housing investments that we've made, because housing is an important part of my portfolio. Peter Hume, who's the president of AMO and a city councillor in Ottawa, said, "This \$1.2-billion investment in housing will provide greater access to affordable housing, improve the quality and energy efficiency of social housing and create jobs in every part of Ontario."

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Hugh Lawson, who I believe you know, who is the president of the Ontario Non-Profit Housing Association, said, "Today's announcement represents a bold move forward during these harsh economic times. It will preserve and create more affordable housing, assist low-income people and create jobs. It builds on the momentum created by this government with the housing investments it made in last year's budget."

Finally, Jo-Anne Poirier, who is the CEO of Ottawa Community Housing: "We see this as a significant advancement and very welcome news."

So while you may have some individuals who are perhaps a little more pessimistic about the billions of dollars that we're investing, there are other people in the housing community who are very grateful for and appreciative of

the work that this government, under the leadership of Premier McGuinty, has brought to the housing portfolio after the previous government being out of the housing business for close to eight years.

With respect to the rental increase guideline, the 2010 rent increase guideline is pegged at 2.1%. It is amongst the lowest guidelines in the history of rent regulation in Ontario. We believe that the guideline protects tenants from rent increases above the rate of inflation while allowing landlords to recover increasing costs. The rent increase guidelines under our government have been the lowest in Ontario's history of rent regulation. As you know, prior to that it was a rather complicated formula that was developed. We've now tied the rent guideline to something as simple and as understandable and as transparent as the consumer price index.

When you look over the time that we have had the pleasure of being in office, in 2004, our first full year in office, the rent guideline was 2.9%; in 2005 it was 1.5%; 2006, 2.1%; 2007, 2.6%; 2008, 1.4%, which I believe is the lowest in recorded history, and 1.8% for 2009. So if you look at the aggregate by each party when in office, under the NDP it was 27%, the PCs, 23.9% and the Liberals, 14.4%. While we would like to see rent increases lower, the fact is that landlords do have expenses, costs do go up and we'd like to tie those costs to the cost of living allowance.

Ms. Cheri DiNovo: With all due respect, first of all to the quotes, I didn't bring with me quotes, but there was a vigil on the front lawns of faith leaders. I remind the minister of Oliver Twist being extremely grateful too for the bit of gruel he got when he went cap in hand. That is the position of most of our housing providers across the province, in fact across the country as well, but certainly across the province of Ontario when they come to the provincial government. The facts speak for themselves. There are 130,000 households waiting an average of 10 to 12 years. Many people die waiting for affordable housing in Ontario.

To move on and to respond to what the minister has said, I was talking about real rent controls. What we have is vacancy decontrol. We have basically a percentage that follows—well, it doesn't even follow the tenant; it's based on the tenant, not on the unit. Real rent controls are based on the unit. As the minister well knows, landlords are perfectly capable of appealing that. If they have justifiable cause to appeal that, they can go and ask for a larger increase if their expenses show that they need one. We still, in this province—clearly indicated by the figures, and as I said, the annual renting costs tend to increase faster than the rent increase guideline because of the mobility of Ontario renters and because we don't have real rent control. So I simply ask again of the minister if he is considering bringing real rent control into the province of Ontario.

Hon. Jim Watson: We made a number of changes to the Residential Tenancies Act. We created the Residential Tenancies Act in 2006—my predecessor, Minister Gerretsen, did. We wanted to bring some balance back to

the equation between the rights and responsibilities of landlords and the rights and responsibilities of tenants. I think most tenant advocates will agree that there have been significant and positive changes to the legislation, comparing our legislation to the previous government's legislation.

Let me just give you a couple of examples of where tenants have been empowered to take action as a result of legislation we have put in place. Tenants in buildings with serious maintenance problems may apply for a freeze on rent increases. Landlords may be ordered not to charge a rent increase until the serious maintenance problem is fixed. I think all of us have individuals who come to our constituency offices from time to time, frustrated with their landlord because a repair has not been made and yet the increase goes through. That has now been changed.

In addition, municipalities have the authority under the Municipal Act and the City of Toronto Act to license landlords, which again gives greater control to the municipal government.

I've talked about the fair annual rent increase guideline.

We've eliminated an unfair eviction process; there will be no automatic evictions. Under the Residential Tenancies Act, every tenant facing eviction now has access to a hearing at the Landlord and Tenant Board.

There are new rules for above-guideline increases with respect to utilities, which you just spoke of. Where a landlord has been allowed to increase rents by an amount higher than the guideline to cover higher utility costs, the landlord must reduce the rents if the utilities go down. Gas prices just went down, so tenants will see the gas price portion of their rent go down as well.

There are new rules for above-guideline increases with respect to capital expenditures. When a landlord has been allowed to increase rents higher than the guideline to pay for capital improvements to the building, the landlord must reduce the rents when the capital expenditure is paid off. What happened before was that the above-guideline increase was put in, and once the capital investment was amortized and paid off, the rent stayed the same. Under the current guidelines, those rents have to be rolled back to conform with the RTA. These things are all new.

So we think we've adopted a more balanced approach. For instance, we now have fair interest on rent deposits. The interest rate a landlord may pay on the last month's rent is based on the consumer price index and is the same as the rent increase guidelines. Some landlords have helped by reducing fees to bring an application for an above-guideline rent increase before the Landlord and Tenant Board, and orders made by the Landlord and Tenant Board are now legal orders, so they can actually be followed up on.

I just checked with Dr. Ma, who is the head of the Landlord and Tenant Board and is doing an excellent job for us: There are no more backlogs at the Landlord and Tenant Board, which is something that tenants very much

appreciate. At times, because of backlogs, they were waiting for upwards of months to appear, and that often created a very awkward and uncomfortable environment for tenants and, in some cases, landlords.

Ms. Cheri DiNovo: It's surely an Eden in which we live in Ontario, because in Parkdale—High Park I can tell you that I haven't heard of any rent decreases based on savings by landlords. Partly that's due—you can talk to anybody at Parkdale Legal or the Parkdale Tenants Association—to the fact that most of the application, regulation and enforcement of the provincial regulations is on the backs of tenants, who inevitably are already stretched. A lot of them don't have access to legal representation and don't know their rights. That's part of the problem.

Landlord licensing, which is a bill the New Democratic Party proposed, isn't part of the Ontario lexicon; we wish it was. It leads to another question that develops out of what the minister has said; that is, why doesn't Ontario bring in landlord licensing? Landlord licensing at the provincial level would certainly help the tenants I see, day in and day out, who have egregious claims against their landlords. Many of the landlords have up to 50 or 60 work orders against their buildings that aren't enforced and that sit and sit, because again the city is dealing with a backlog and can't get the building inspectors out to all of these places in time. Again, the province could lead the way here with landlord licensing. Is the minister thinking of bringing in landlord licensing?

Hon. Jim Watson: We believe in respecting and working with our municipal partners. We gave that authority to municipalities because we believe that they're a mature order of government. I know that Toronto in particular was very anxious to receive that power. I know their licensing committee members were equally excited to receive that authority and power under the act. We feel that that is a much more responsible way of dealing with the issue: to empower the local municipality.

With respect to work orders, I think what you're talking about are property standards work orders, which are the purview of the municipal government. I can't speak to backlog orders at the city of Toronto. I can tell you that as a government we've been more than fair to the city of Toronto in terms of the sheer increase in new operating and capital dollars that have been sent to the city of Toronto, as well as giving them new taxing authority for both land registry and automobile registration, so literally hundreds of millions of new dollars have been flowed to the city of Toronto. I can't obviously speak to a backlog in their work orders.

I can tell you, if you have tenants within your riding, or any member in their riding, that an order by the Landlord and Tenant Board is a legal order, and it's an offence under the RTA for a landlord to contravene an order of the board that orders a landlord to do specific repairs or other work within a specified time. Most parties, whether landlords or tenants, comply with LTB orders.

Anyone who believes an LTB order is not being obeyed should call the ministry's investigation and en-

forcement unit for assistance, and the unit will commence legal proceedings if someone has not complied with an LTB maintenance or work order. We have a very good track record with this investigation and enforcement unit. I would encourage you, if you have a specific situation you'd like to hand to me today or afterwards, where you have a tenant who has evidence that their work order by the LTB has not been enforced, then we will send the enforcement officials out to deal with the landlord.

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Ms. Cheri DiNovo: Certainly Parkdale Legal has tried that many times. But I would like to move on.

Suffice to say that what I've heard from the minister, if I might paraphrase, is that they are not interested in moving ahead on landlord licensing or on per unit rent control.

Ontario's co-op and non-profit housing provides some of the most cost-effective housing in the province, and annual increases tend to be lower than in the private rental market, especially in non-profit co-ops, where residents meet annually to set their housing costs. Changes in programs and complicated funding formulas have reduced the amount of rent-geared-to-income subsidies available to many social housing providers, which means they are able to provide homes for fewer low-income households. Increasing rent subsidies to social housing providers is a quick and efficient way to increase housing affordability across the province. What is the ministry doing to enhance rent subsidies to deal with the affordability crisis in the province?

Hon. Jim Watson: Part of the reason we're going through an affordable housing strategy right now is to come up with a series of new and innovative ideas to try to deal with some of the challenges facing those looking for affordable housing and to reduce the number of individuals on wait lists.

Some of the programs we have brought forward to date include the federal-provincial program I've talked about this morning. We also have a couple of other programs that are assisting about 133,000 households; capital investments, which help create and repair up to 76,000; allowances and rent supplements, which will help make rent more affordable for 35,000 families; and the rent bank, which has now been stabilized, has prevented over 21,500 evictions to date.

Units under the affordable housing program are required to have rents at or below 80% of the average market rent. As of August 28, 2009, current average rents in AHP-occupied units in large urban areas—Toronto, Ottawa, London, Hamilton and Waterloo—representing about 3,277 units, are \$618 per month for a one bedroom, \$819 per month for a two bedroom and \$991 per month for a three bedroom. In addition to meeting the affordability criteria, an estimated one third of AHP units receive rent-geared-to-income subsidies, resulting in even greater affordability for the tenant.

As of August 28, 2009, 167 projects have a non-profit and co-op housing component to them. This represents 57% of the total rental and supportive projects. So there

are five co-op projects, 43 municipal non-profit projects and 199 private non-profits.

I should also commend the co-op federation. They've been very vigilant in attending almost all of the housing consultations throughout the province and have offered some very good input and leadership at the round tables that we did have. We're certainly looking forward to meeting with them on a bilateral basis sometime within the next three to four weeks as we start the second round of more in-depth consultations.

Ms. Cheri DiNovo: It was from them that we got a substantial amount of our research on co-ops and the fact that the co-op movement, if I can characterize it as that, is pretty well moribund in this province. In terms of, say, what we witnessed going back to the 1970s with the development of St. Lawrence Market, that started around co-ops. In fact, in Parkdale-High Park we had David Crombie come out and talk to us about how did he ever do St. Lawrence Market. He was very frank and forthcoming and said that it all started with co-ops and that the easiest thing this province could do to make affordable housing accessible to all would be to throw their weight behind the co-op movement. Certainly that's something that we would like to see happen and happen pretty dramatically because, again, it's a low-cost way, in terms of tax dollars, to leverage a number of rental units. Those that have tried to set up new co-ops—including myself—have found time and time again that it's a nightmare of red tape and bureaucracy to be able to get them off the ground.

Anyway, moving on, securing new supply is the next title.

The Chair (Mr. Garfield Dunlop): About a minute and a half left.

Ms. Cheri DiNovo: Okay, I'll leave this until the next—but suffice to say, I'm going to be then focusing on the provision of new housing supply. The government promised 20,000 new units in 2003 and has provided, two terms later, precious few of those. I'll talk about that.

The Chair (Mr. Garfield Dunlop): Thank you very much, Ms. DiNovo. I just want to point out that at the end of this 20-minute rotation with the official opposition, we'll have to recess for a few minutes and go up and vote on the motion of adjournment of debate.

Ms. Savoline.

Mrs. Joyce Savoline: The HST as it regards rental units: When the HST is implemented on July 1, 2010, items like home heating and electrical service bills, lawn care, snow removal, a whole vast list of services will all increase by 8%. This 8% increase will impact owners of apartments and they will most likely pass on that increase in rent to their renters. What has your government done to cushion that increase in rent?

Hon. Jim Watson: Just to clarify, as you know, the HST, if passed by the Legislature, will not apply on rent. It will obviously increase a landlord's day-to-day operations with respect to hydro and water and gas and so on. The HST-induced operating price increases will eventually be reflected in the CPI and therefore be

reflected in the 2012 guideline. The landlord can, under the Residential Tenancies Act, pass on these increases in cost to the tenant either through vacancy decontrol or through an application to the LTB for an above-guideline increase in rent on the grounds for extraordinary increases in the cost of utilities. There is no cap on the AGI rent increase justified for an extraordinary increase in utilities. An increase in this category is considered extraordinary if it is greater than the guideline plus 50% of the guidelines. So there was some confusion in the by-election that took place in St. Paul's where some candidates were claiming that the rent was subject to the HST, and that is simply not the case.

Mrs. Joyce Savoline: Minister, in that by-election in St. Paul's you actually wrote a letter to a candidate at the time, Eric Hoskins, suggesting that there would be no increase. Do you think it was inappropriate for a ministerial letter to be used as a piece of partisan flyer in an election?

Hon. Jim Watson: Anyone who writes to me, I write back on ministerial letterhead, and what they do with that letter is their choice. I suspect if your candidate had written to me on an issue I would have sent a similar letter and she could have chosen to use it on their brochure if she wanted to, unless it was listed as a confidential piece of correspondence, which it wasn't. It was very much a similar letter that I had sent to other people from that particular community who had written to me or emailed me, asking if there was a tax on rent under the proposed HST. I made it very clear that rent was not subject to GST, and therefore it would not be subject to HST.

1630

Mrs. Joyce Savoline: In previous questioning by members opposite, you talked about a list of prospective projects in Ottawa that received money. One of those is the LRT project. There seems to be a discrepancy in the amount of money that that project is receiving versus some large transit projects in other parts of the province, with the amount of money that the province is contributing. Can you speak to that, please?

Hon. Jim Watson: I'd be very happy to. This is a rather long-drawn-out exercise that the city of Ottawa has been involved with. The LRT proposal goes back several years under former mayor Bob Chiarelli, who proposed a light rail plan. Our government was the first government to come to the table with a \$200-million commitment for what was then going to be a \$600-million light rail program. Subsequently, the federal government did come to the table with \$200 million, and the municipal government would use a variety of their own revenue streams—gas tax, both federally and provincially—to make up its \$200-million contribution.

Subsequently, there was a municipal election before the first spike was put into the system. The new mayor and certain members of council decided to push what they called the “reset button” and start the process all over again with respect to what the new rail plan was going to be for the city of Ottawa.

A few months ago, the city adopted a new plan which was substantially different in terms of priorities and costs than the old plan. I believe it was estimated at the time at about \$1.8 billion, which was significantly more than \$600 million. That plan was subsequently sent to the Ministry of Transportation, which has the lead responsibility for doing its due diligence on the plan. Subsequent to that being submitted—and our staff are working on the due diligence to make sure that the plan makes sense economically, makes sense from a ridership point of view—we've now been told that there will be new cost estimates by the city that will be delivered to city council by the end of this month.

There have been a couple of newspaper stories: one that showed the price tag going up by \$100 million and, subsequently, an additional story that showed that it was going up by an additional \$200 million. There have also been some mixed signals sent out with respect to whether the council plan is going to go east-west or north-south first.

I have maintained the position that we are very much in the transit business and we want to partner with the city, but we're not prepared to give a blank cheque to the city, because the cost keeps going up and we need to nail down the specific costs from a taxpayers' point of view. We also need to nail down what the specific priority route is, because we can't go north, south, east and west all at the same time—it's financially not viable—and determine other obvious questions that are included in the risk assessment that the city has published, including whether we have the true costs for land acquisition. My understanding is that we don't have land acquisition factored into the cost estimates, and you can well imagine that if you have to expropriate or buy land, that's going to add to the price tag.

There was a story in the news media just a few weeks ago that showed that the configuration of the rail yards and the curvature of the track was going to add additional costs to the light rail project. Finally, if a tunnel is going to be part of the equation under downtown Ottawa, there were no cost estimates factored in for utility replacement and movement.

So there are a number of unanswered questions. I've indicated to both the mayor and members of council and the public, who I represent in my riding of Ottawa West-Nepean, that we want to be a partner. We were first at the table with money, but we're not prepared to give a blank cheque until we know exactly how much the project is going to cost and what the cost-benefit analysis is going to be, because the whole purpose of investing a substantial amount of money in transit is to see a substantial increase in ridership.

Mrs. Joyce Savoline: That was going to be my next question. You have met with the mayor and his committee on this issue?

Hon. Jim Watson: Yes. There was a group of councillors and the mayor's office that we were meeting on a fairly regular basis up until a few months ago. There was a bit of an interim period when the mayor was on leave

of absence because he was on trial, so we were not meeting directly with the mayor but with his chief of staff.

Mrs. Joyce Savoline: Okay, Bob?

Mr. Robert Bailey: Thank you, Minister. I had a couple of other questions that came up the other day in the meetings that I held in Sarnia-Lambton. These were issues that came from both landlords and tenants that presented themselves.

One they alluded to was, for want of another word, communications silos. This came from a tenant who's having difficulty obtaining affordable housing. The way he explained it at the meeting to myself and the other people there was—for example, in trying to obtain housing he was dealing with community and social services and then they'd say, "We can only do so much for you," and then they'd send him over to the Ministry of Housing. He'd have to go there and start another file. They'd ask him all kinds of information again. Sometimes he wouldn't have everything with him and difficulties in transportation. I just wondered, have you done anything or are you working in regard to eliminating those types of communications issues, or do you think that is an issue?

Hon. Jim Watson: No, I think it is an issue with some people. When they are in a desperate situation, they may not know the intricacies of how government works. I always encourage people to go to the local service manager—in your case, I believe it would be Lambton county that has the responsibility for the delivery of housing—to get on the list. If they are a victim of domestic violence, obviously they're given a higher priority. There's no reason for anyone in our society, in our province and in our communities to be living on the streets. There are opportunities, whether they're temporary shelters—other housing opportunities, while not perfect, at least can get someone into a bed or into a rooming house or a shelter.

One of the things I've heard, Mr. Bailey, a number of times over the course of the hearings is that there are too many silos within the housing community and particularly within the province, that so many ministries do have some responsibility for housing. You've got Comsoc that's responsible for certain housing projects. You've got Health that's responsible for supportive housing. You've got our ministry that provides funding for capital infrastructure. You've got the Ministry of the Attorney General and the Minister of Community Safety who have responsibility for funding of institutions like John Howard and Elizabeth Fry. So there are a fair number of cooks around the broth, and that's not always a very efficient operation.

We're looking, as we continue the consultation, to see what we can do to try to simplify, at least from the province of Ontario's perspective, the delivery of service so that it's not as confusing and we're not duplicating as much and spending as much money.

Mr. Robert Bailey: Thank you. The second question I had came from mainly landlords that were providing housing from time to time. They had tenants who were

looking for housing and they were residents with them, but they maybe didn't have the proper skills or had never learned the proper skills or had difficulty keeping the premises as the landlord would have liked to have them kept, and so that led to difficulties and eventually the landlord ended up evicting them—didn't really want to evict them, but because of the conditions of the apartment being left or the rental unit. Is there an opportunity for transitional allowances or transitional funding that would bring in, say, an outside agency, someone that could come in and, for example, help them with their life skills, like paying bills and/or maybe cleaning services? Is there something like that available or is that something that you looked at?

1640

Hon. Jim Watson: The only answer I have for you, Mr. Bailey, is obviously if the individual is a senior or they've got an illness, CCAC does offer certain light housekeeping duties and so on. There's the Victorian Order of Nurses. I'm not familiar, certainly, at a provincial level, as to whether there are any programs that would offer these life skill programs. There may be locally some organizations, whether it's funded through the United Way or other groups, but I'm not familiar. Maybe the deputy can confirm whether we have any programs of that nature.

Mr. Fareed Amin: We don't have any programs of that nature. We have a lot more programs, as you know, to deal with folks who are recently unemployed. But in terms of providing transitional support for housing, the ministry does not administer any program in that regard.

Mr. Robert Bailey: It came up through those hearings with suggestions and these were comments that were made—not necessarily criticisms, but comments made—looking for those types of thinking, to consider those types of issues because the point these landlords were making was that they didn't mind providing this type of housing but they had a certain investment they wanted to look after, and the housing stock could become damaged. They didn't really blame the tenant; they didn't have the skills to be able to look after it. So that was more of a comment.

Interjection.

The Chair (Mr. Garfield Dunlop): You have about four minutes.

Mrs. Joyce Savoline: Okay, I'll start my next question. The Development Charges Act has been in place for awhile and there are some municipalities that are feeling that development does not pay its own way through the Development Charges Act. The acts are quite prescribed and it's a legal exercise, so municipalities must be very precise in their calculations as to what can be charged to developers when they are building in their communities. But I guess in the Municipal Act, there's also a vehicle that municipalities avail themselves of where they can also charge an allocation fee. This is in addition to the Development Charges Act and in some cases this actually can increase the development charge per unit quite substantially. So my concern is, as municipi-

palities take up on the availability of this in the Municipal Act, the developers will pay the money in order to continue to build their units, but the cost will be transferred to the new homeowners. I think that this begins to be a hardship, especially for first-time owners, and begins to erode the concept of affordable housing because the amounts are applied to all kinds of housing, so it considerably escalates the cost of a home. Are you aware that this is happening?

Hon. Jim Watson: I'm aware that there are some real challenges that the development industry is facing in Halton region in particular, because they're—

Mrs. Joyce Savoline: There are others.

Hon. Jim Watson: There are others, but I don't think as high an increase as Halton has put forward. The region of Halton has approved a \$7,889 charge for developers in the HUSP area, and that includes a \$3,299 interest fee alone to the region from developers to cover water, waste water and transportation infrastructure and a \$4,590 developer contribution covering the cost of servicing DC-exempt buildings, municipal buildings, schools and expansions to existing industrial areas. I believe there may be some legal action that is taking place from the developers towards the region of Halton.

The Premier, in a speech about a year ago—we were under some pressure by both the municipal sector and the development industry to open up the Development Charges Act. Both sides wanted it open for different reasons. The municipal sector wanted it open to broaden the scope of the development charges so that things like hospitals, admin buildings, land for parks, tourism facilities and waste management services could be included—as you know, they are now excluded from DCs—whereas the development industry wanted it tightened up so that fewer things could be included. The Premier indicated—given, at the time, we were just coming into a recession—that it was not the appropriate time to open up the Development Charges Act, 1997. He indicated at that point that under this term of government we would not be opening the DC act at all.

While there was some relief on the part of the development industry, there was some disappointment as well, I suspect, because they thought that if they opened it up, they could get what they want. But I told those folks in the development industry, "Be careful what you wish for, because you never know what's going to come up once you open up an act like the DCA." I know my friend and colleague Mayor McCallion wanted it opened up for completely different reasons; she wanted to be able to include transit on a go-forward basis. As you know, you can only factor looking behind on transit.

The Chair (Mr. Garfield Dunlop): That pretty well wraps up this 20 minutes here, Minister.

Mrs. Joyce Savoline: I'll be back.

The Chair (Mr. Garfield Dunlop): Ms. DiNovo.

Ms. Cheri DiNovo: On a point of order: I'm just listening to the ringing of the bells. I'm aware that there's a vote. I'm wondering if, by unanimous consent, we can continue on through the ringing rather than recess. It's

fine with our party. Due to our agreement earlier, and within the spirit of that agreement, it will eat away at our time here.

The Chair (Mr. Garfield Dunlop): I need a ruling on that.

Mr. Bob Delaney: There's some merit to that. Can we postpone that discussion? Cheri, would you like to just start in on it and give us a minute here?

Ms. Cheri DiNovo: Sure, I'll start in on it.

Mr. Bob Delaney: We've got four minutes. We're a minute from being able to go upstairs.

The Chair (Mr. Garfield Dunlop): I don't have a problem with that, but I do want people to have the opportunity to vote if they'd like to go up and vote on this.

Mr. Bob Delaney: Okay. I'm just sort of looking at the numbers. It amounts to about the same numbers one way—

Mr. Khalil Ramal: It doesn't make a difference.

Mr. Bob Delaney: Yeah, it doesn't make any difference to the vote.

Ms. Cheri DiNovo: Whether we vote or not, I agree with Mr. Delaney. Just in the spirit of our agreement, what this does is eat away at our time to be able to ask questions.

The Chair (Mr. Garfield Dunlop): Okay, we can start right now and go for three minutes if you want.

Ms. Cheri DiNovo: Okay, let's do that as a beginning rather than waste any more time.

I just heard the minister for housing say, "There's no reason for anyone to live on the streets." I would ask if he means by that that it's the fault of the homeless that they are living on the streets. Also, congruent with that question, if it's not the fault of the homeless, whose fault is it that people live on the streets? Second of all, has the Minister of Housing ever spent a night in a shelter?

Hon. Jim Watson: No, it's not the fault of the homeless. In many instances, I'm told by professionals who deal with the homeless community, it's their choice to stay on the street because of a number of circumstances, whether it's mental illness or alcoholism or feeling unsafe in going into a shelter.

I volunteered for about five years at the Shepherds of Good Hope serving meals, and I've also been a volunteer at the Union Mission in Ottawa.

Ms. Cheri DiNovo: So did you spend a night in a shelter? Do you know what it's like to sleep in a shelter?

Hon. Jim Watson: No. I've spent much more time than just seven hours in a shelter. I've spent hundreds of hours helping out those less fortunate in my community.

Ms. Cheri DiNovo: As one of many founders of Out of the Cold, I can tell you that there are many reasons for sleeping on the street. Particularly for women and children, there are simply not enough shelter beds—or men and children. We had a family living in the parking lot of our church. Every church will tell you the same story, every church that takes part in Out of the Cold.

1650

I consider that what you said, that there's no reason for anyone to live on the streets, an incredible insult to those

who find themselves living on the streets as we speak, many of whom are going to die on the streets in the upcoming months. We know that from the Toronto Disaster Relief Committee. So I just wanted that on the record. I'm just appalled by that statement.

Hon. Jim Watson: With all due respect, if you'd listened to my statements as opposed to prejudging what I was going to say, I did not insult the homeless. I have great respect—

The Chair (Mr. Garfield Dunlop): I think we're down to about just a little over two minutes—

Hon. Jim Watson: I'm not going to stand for someone putting words in my mouth.

The Chair (Mr. Garfield Dunlop): We can pick up as soon as come back, Minister. We're going to—

Ms. Cheri DiNovo: We'll check with Hansard that that's what you said, Minister.

The Chair (Mr. Garfield Dunlop): We'll do our vote and we'll be right back here.

Hon. Jim Watson: All right.

The Chair (Mr. Garfield Dunlop): So we'll recess.

The committee recessed from 1650 to 1654.

The Chair (Mr. Garfield Dunlop): We can reconvene the meeting. Ms. DiNovo, we'll turn it back over to you.

Ms. Cheri DiNovo: Thanks.

The Chair (Mr. Garfield Dunlop): Minister, you had the floor. I guess you were talking at the very point that we recessed.

Ms. Cheri DiNovo: As I say, I was quite appalled at that statement—and we can check in Hansard to be sure—that there's no reason for anyone to live on the streets. I think of Cathy Crowe and Toronto Disaster Relief Committee and all the people who have died on the streets, all the people I've met in my years of ministry who've lived on the streets because they literally didn't have any options, and some lived on the streets because the options they looked at in shelters were so incredibly dangerous that it was much, much safer to sleep on the streets, which is saying something pretty egregious in and of itself.

Back to the supply or the lack of supply of new housing, I remember back in 2003 when Dalton McGuinty was running for election that he promised 20,000 new-build housing units, and presumably he meant in the one term at that point.

Again, this is from our stakeholders: "New housing supplies needed to reduce current shortage, restore vacancy rates to healthy levels, house the growth in population, replace substandard housing and replace aging housing. Ontario's population is slated to rise to 16.7 million by 2031, meaning that an additional 1.4 million new homes will be needed based on current household size."

So the question is, has the ministry done calculations as to how many new affordable units are needed each year to prevent levels of core need from rising; that is, to meet increased supply needs?

Hon. Jim Watson: Let me just preface—you quoted Cathy Crowe. I have a quote from Cathy Crowe that talks about her concern regarding the NDP when she said, on November 15, 2008, “I’m going to preface my question by saying that the mailings I’ve received from the Ontario NDP have more frequently than not not mentioned housing and homelessness.” That was at an all-candidates leadership debate for the NDP on the issue of housing in municipalities. So this new-found interest on the part of the NDP on housing, you might want to start putting more emphasis on housing issues—

Ms. Cheri DiNovo: I would love to have Cathy Crowe respond to that, but anyway—

Hon. Jim Watson: She said this at an all-candidates meeting. So you better talk to her.

Ms. Cheri DiNovo: And she’s in support of your housing policies over the last two terms? Please.

Hon. Jim Watson: You asked me a question. If you’d like to be polite and allow me to answer it, I’d be happy to.

Ms. Cheri DiNovo: Go for it.

Hon. Jim Watson: We have targeted rental units of 9,000 in our capital program. Going back to the AHP program in 2005—units approved, 10,002; northern target units, 1,500—units approved, 1,693; homeownership target units, 4,500—units approved, 2,898; for a subtotal of 15,000 compared to 14,593, and funding of \$549 million. With the housing allowance rent supplements of 5,000 to bring the total to target to 20,000 units approved under the housing allowance rent supplement of 3,721, for a total of 18,314.

So we are very close to meeting our target of 20,000. We will obviously exceed that as a result of the new program that we signed just a few months ago with the federal government.

To give you an example of some specific projects that have been approved, starting as of September 25, 2009: In Toronto, 171 units, and of those, 127 for seniors; in Ottawa, 61 units, 15 for seniors, 10 for persons with disabilities; Hamilton, 81 units, all for seniors; Windsor, 45 units; Peterborough, 71, with 35 for seniors, 12 for persons with disabilities; Nipissing, 85 with 60 for seniors, 25 for persons with disabilities.

With respect to rental and supportive units—these are all new numbers—Halton, 120 units, 13 for victims of domestic violence, 17 for people with mental illness; Niagara, 108 units total, 16 for victims of domestic violence, 19 for people with mental illness; Windsor, 122 units total, 13 for victims of domestic violence and 17 for people with mental illness—

1700

Ms. Cheri DiNovo: On a point of order, Mr. Chair: I’m just wondering if the minister is going to outline every single housing unit that’s been built. That wasn’t the question that I asked him—

Hon. Jim Watson: I’ve got three more.

Ms. Cheri DiNovo: —but it would certainly chew up all my time. What I asked him about was new-build units and what the targets were for them. I heard some obfus-

cation about what was targeted and what was actually built, so I’ll go back. For example, in 2008 how many new-build units did your ministry provide?

Hon. Jim Watson: I’m reading off new-build units and I have three more to go: Hamilton, 204 units, 30 for victims of domestic violence, 28 for people with mental illness; Ottawa, 255 units total, 19 for victims of domestic violence, 53 for people with mental illness; and finally Toronto, 1,048 units total, 118 for victims of domestic violence, 158 for people with mental illness.

As you can see, what we’ve tried to do is to take the programs, either home ownership, new build or rent supplement, and spread them throughout the province of Ontario so that every region of the province is actually able to benefit from the programs that we have put forward as a government. The target under the AHP was 20,000. We’ve fallen short by approximately 1,600 because the units-in-progress figure is 18,314.

Ms. Cheri DiNovo: According to the ONPHA, it estimates that the annual need for new rental housing is about 10,000 units—that’s what they’re saying—and in 2008, only 3,000 new rental units were built, so well behind the curve. Again, there’s some obfuscation, might I point out, between new builds, which is what I asked about, rent supplements and other varieties of housing. New builds was what I asked for.

It’s interesting: My husband and I were in Sweden, population nine million, which had a program called the million-unit program. In 10 years, they built 100,000 new units of housing—built new units—per year. If they can do it with nine million people in that tax base, surely we can do way better than what we’re doing here.

Moving on, will targets be set for specific populations—that’s another question—such as aboriginal people? I’m talking here, of course, about off-reserve. In terms of your targets going forward, have you broken them down in terms of specific populations?

Hon. Jim Watson: In fact, we do have the aboriginal housing program. We’ve signed three agreements with First Nations, Metis and Inuit communities. We are now engaging the aboriginal community to determine how to invest the \$80 million for off-reserve housing. Based on the community’s recommendations, we entered into memorandums of understanding with two aboriginal organizations.

It’s very important—the aboriginal community was very clear—that they want to design, deliver and administer their programs, and we’ve agreed to that. So the Ontario Aboriginal Housing Support Services Corp. is the program administrator for the FIMUR program. Through this program, \$60 million will be available for new affordable rental units and ownership loans for off-reserve aboriginal people outside the GTA. We signed that agreement in Thunder Bay. The Miziwe Biik Development Corp. is the program administrator for the GTA aboriginal housing program. Through this program, \$20 million will deliver 360 units in the GTA.

The administration agreements have been signed with the organizations. My ministry continues to work with

those organizations, and we look forward to seeing some ground being broken very shortly, both in the GTA and outside the GTA, to spend this \$80 million.

Ms. Cheri DiNovo: Moving on to co-op and non-profit housing again, this question has been generated by them and the Ontario Non-Profit Housing Association. Co-op and non-profit housing have a long history of success in Ontario and continue to provide good-quality and cost-effective housing to hundreds of thousands of people. The provincial government in the late 1990s, when it decided to download most housing programs to municipalities, said that it wanted to simplify administration through the Social Housing Reform Act, but ended up substituting one complex administrative burden with another complex administrative burden. Groups such as the Co-operative Housing Federation of Canada and the Ontario Non-Profit Housing Association believe that the SHRA needs an overhaul. Is the ministry exploring options to reduce the administrative burden associated with the act?

Hon. Jim Watson: The short answer is yes. That is one of the irritants that a number of housing providers have brought forward to the affordable housing consultation process. I believe it's overly prescriptive and cumbersome, and it's about 600 pages. We can do better and we will do better. I've directed our staff to start looking at ways that we can simplify the act. When we start the next round of in-depth consultations next week, we're going to be asking for specific recommendations on how we can simplify the act.

I know, for instance, a good example is that when we had the rent bank program, there were four requirements for report back to the ministry for a relatively small amount of money. While I believe it's important to have accountability in our system—and we're using tax dollars; I appreciate that—we've made it too cumbersome for a lot of these not-for-profit organizations and even the municipal sector. I would rather have them spending time, money and effort building homes and not filling out government paperwork.

Ms. Cheri DiNovo: This flows from that: The Ontario government also needs to ramp up its investments in new co-op and non-profit housing. In 2003, the McGuinty Liberals promised they would fund 26,600 new units of co-op and non-profit housing. When does the ministry expect to meet its promise of 26,600 units of co-op and non-profit housing?

Hon. Jim Watson: We'll undoubtedly surpass that as a result of the investment that we are currently spending in conjunction with the federal government through the extension of the affordable housing program. In addition, we also will be able to bring back into service a number of units that are in disrepair as a result of being neglected for lack of money, to the tune of 50,000 different units that will be upgraded.

I've had the pleasure, for instance, of visiting a number of these units over the course of the last couple of months. I've seen first-hand new balconies that have been put in place in one particular neighbourhood in

Ottawa, and new kitchens and counters and so on, at Regina Towers in my riding of Ottawa West—Nepean. So the money is getting out the door. It is being spent.

I was with Mr. Delaney and Mayor McCallion and others in Mississauga when we launched the \$100-million affordable housing initiative, and there was a real sense of joy on the part of the tenants who, after years of waiting for retrofits and renovations to their building, were finally getting new windows and new appliances—

Mr. Bob Delaney: New roofs.

Hon. Jim Watson: —and new roofs in that particular community in Mississauga. So the money is flowing. I see it on a daily basis. I'm very proud that our government is back in the housing business. I'm very proud of the fact that we are increasing opportunities for home ownership, increased rental opportunities for affordable housing, and rent supplements for individuals who live in private-sector apartments.

Ms. Cheri DiNovo: The ministry website, however, indicates that as of August 28, 2009, after six years, the government is just over halfway to its target, having created 14,593 affordable housing units, about 9,000 of which are occupied now. That's from your own website, Mr. Minister. But I'd like to probe a little further as well and ask what the minister defines as “affordable.”

Hon. Jim Watson: When an individual is paying more than 30% of their income to rent—that's the common definition that has been accepted by various housing groups throughout North America, for that fact.

Ms. Cheri DiNovo: And how many of those units are, by that definition, affordable? Of the 14,593 being created, 9,000 of which are occupied, how many meet that 30% criterion?

1710

Hon. Jim Watson: I think it's now 10,002 that are occupied or approved. Deputy?

Mr. Fareed Amin: Just to clarify, the minister mentioned that there are 10,000 rental units that have been approved. With 1,693 for northern Ontario and 2,898 for the home ownership program, the total is 14,593. When you include the housing allowance rent supplement, which is 3,721—

Ms. Cheri DiNovo: We're not talking about that now.

Mr. Fareed Amin: —it gets to a total of 18,314.

Ms. Cheri DiNovo: I wasn't asking about the rent supplement; that's different. I'm talking about new builds.

Again, of the 9,000 new units of co-op and non-profit housing that are occupied, how many are affordable by the 30%-of-income definition? If you don't have the figures, that's fine, but I would like the figures.

Hon. Jim Watson: They're all considered affordable housing units, because the rent is subsidized and geared to income.

Ms. Cheri DiNovo: So all 9,000 are only 30% of income?

Hon. Jim Watson: No, there's a mix. Look at Regent Park. Not every unit in Regent Park is rent-geared-to-

income. There's some market rent; there are some rent supplements. It's not simply one-size-fits-all.

We have also invested in home ownership. We think home ownership grants are a good opportunity to get those people who just don't have the financial means to put down a down payment out of affordable rental housing to free up the unit for another individual or family and get them to experience what many consider the Canadian dream of owning their own home. We see that through Habitat for Humanity, which our program helps to support, and we certainly see it through the home ownership program. On the home ownership program, we have not met our targets. We're a little down. The target was 4,500; we're just under 3,000. So we're about 1,500 units below, but we're going to be more aggressive in advertising and marketing that program to get all those units taken up.

Ms. Cheri DiNovo: Just to conclude, and certainly challenge me on this in writing if you think this is incorrect, only about 2,500 units of affordable housing have been built since 2003, according to our independent stakeholder researchers. Again, we don't have a figure for how many of those 9,000 are really affordable, but our researchers are saying only 2,500 are. I'll leave it at that.

Hon. Jim Watson: All these units that are being funded are considered part of the affordable housing program, so they would be considered affordable housing units on varying scales.

The Chair (Mr. Garfield Dunlop): Thank you, Ms. DiNovo. We'll now go to Ms. Savoline

Mrs. Joyce Savoline: My question is about official plans. Since the Places to Grow and the greenbelt plans have been in existence, municipalities have been required to review their official plans. As you know, that's a long, detailed and very public process. They were asked to do that and have their plans meet the Places to Grow and the greenbelt plans by June 16, 2009. My question is, how many municipalities have submitted their amendments to the official plan based on the Places to Grow and greenbelt plans?

Hon. Jim Watson: I'll ask Larry Clay, who is our director of planning, to come forward and give you a specific example. There are a few upper-tiers still not in conformity; I can list those if you want. But Mr. Clay can answer specifically what we're doing with respect to meeting the deadline.

Mr. Larry Clay: Thank you, Minister. The requirement for conformity is under the Places to Grow Act, which of course is with the Ministry of Energy and Infrastructure. Our ministry's role is to support and review that through the local official planning process. Minister Smitherman has indicated that, for purposes of conformity, only upper-tier municipalities are required to conform by June 16. What has happened over the course of the past few months is that each upper-tier has either submitted their plans for approval or submitted partial plans. We're working with each of them, in many respects just to kind of finish that off.

Every upper-tier municipality has either completed or is nearing completion of those official plans in some

form. The lower-tiers—all the area municipalities—were given a one-year extension to conform, obviously so they can get the upper-tier plan in place and then their official plans, which have to conform with the upper-tier, can be done.

Mrs. Joyce Savoline: So at this point in time all upper-tiers have submitted a partial amendment or a full amendment?

Mr. Larry Clay: All upper-tiers have either finalized their official plans or, in some cases, are in finalizing getting them through council, have submitted to us or submitted partial official plan amendments.

Mrs. Joyce Savoline: I guess my concern is their vulnerability if they're challenged in a development, because they're still working with their old official plans and yet the Places to Grow legislation is in place as well. I can understand that there's a transition period, but I'm wondering how long that will be allowed to continue, because I think it places a vulnerability on municipalities when there's this difference between the regulations.

Mr. Larry Clay: Even in situations where the official plan hasn't been finalized or approved, all developments initiated after the Places to Grow Act was introduced still have to conform with the Places to Grow Act. The act of getting official plans into conformity is one part of it, but developments still have to comply with the legislation.

Mrs. Joyce Savoline: With the old plan?

Mr. Larry Clay: With the Places to Grow Act.

Mrs. Joyce Savoline: Okay. In the case of the lower-tier municipalities, why was the one-year extension needed?

Mr. Larry Clay: Again, I think there was a recognition that the upper-tier and regional municipalities required the time right up till June or a little bit past to get theirs into play, and it was impractical for lower-tiers to get their plans in place, because theirs nest inside or underneath the regional plans. So there was a recognition that you need to give lower-tiers enough time to see what was in the upper-tier plan and make sure their plans conform that way.

Mrs. Joyce Savoline: When do you expect to be giving approval to these new plans?

Mr. Larry Clay: When we receive an official plan for review, we have 180 days under the Planning Act to approve it, and that process is ongoing. As we receive them, we'll be reviewing them. We work with each municipality to consider issues that are raised or negotiate some technical amendments, but we have a requirement to make an approval within 180 days of receiving that plan.

Mrs. Joyce Savoline: Have any of these new plans been challenged?

Mr. Larry Clay: As yet, no.

Mrs. Joyce Savoline: Thank you, Mr. Clay.

Minister, I believe there is a reasonable process in place in the landlord and tenant act for filing grievances and notices of termination and that kind of thing. But I think there is a crack in the door for some abuse of that process, and I don't believe that abuse of any process is healthy regardless of from where it comes.

I have a particular situation in my constituency, although I'm led to believe this happens in other ridings as well. There are times when a tenant and a landlord disagree on the tenant vacating the property, and so the landlord has the option to file an application with the board, and most likely that would result in a hearing. If the board agrees that the tenant needs to be evicted, then there's a date set for when the tenant must vacate the property.

If the tenant doesn't leave by that date, then another whole process kicks in. The landlord has to file an order with the court enforcement office, and the sheriff will come and evict the tenant. Then, sometimes a little game starts to be played. Say there was an arrears in rent—three months, four months, whatever—and all of a sudden the arrears are paid up. Now we start all over again. The tenant pays their arrears and then starts a new process where they become in arrears again. The landlord then must again go to the board and go through that whole process.

I don't think that was ever the intent of what needed to happen here, so I'm wondering: Is your ministry considering any kind of review so that the intent of what you meant to happen through this process is really happening?

Hon. Jim Watson: As you know, the changes to the Residential Tenancies Act were just implemented a couple of years ago. I understand the dilemma and I've heard of this situation where it's almost a game of cat and mouse, where they delay paying and then they have to start the whole process over.

I'll ask the deputy or the assistant deputy to comment on that specifically, but I can tell you that we did hear loud and clear from landlords that the vast majority of their tenants are good tenants. But there's that small amount that causes an awful lot of trouble for other tenants and for the landlord themselves.

We did provide a fast-track eviction process when a tenant is involved with illegal drug activities; there are actions that may impair the safety of other tenants or the landlord; deliberate damage to a unit or to the apartment building; and causing disturbances in a small complex, where the landlord also lives in the complex. In fast-tracked hearings, the notice period is cut in half, hearings are scheduled more quickly, the Landlord and Tenant Board understands the urgency, and if the application is successful, the LTB may order the tenancy terminated immediately and, in such an order, request the sheriff to expediate. So we are in contact with the sheriff, the sheriff moves in, the person is evicted, the locks are changed and that particular situation is resolved.

With respect to the issue, Deputy, at some point is there some ability, if they simply are always late, to ask the LTB for an eviction so that they don't simply toy with the landlord?

Mrs. Joyce Savoline: It gets to be a merry-go-round.

Mr. Fareed Amin: As the minister said, we've tried our best to streamline the process to ensure that it's fair to both the landlord and the tenant. In fact, as you know, the

process is much more streamlined now. Rather than a lengthy time to get a hearing, I think we're looking at two to three weeks.

There is nothing in the current system to prevent what I would describe as the unfortunate system that you alluded to—

Mrs. Joyce Savoline: Let's call it habitual arrears.

Mr. Fareed Amin: What we will do is try to see if there are any administrative best practices that we could use to ensure that we prevent some of these things from happening in the future.

Also, I think there's a possibility of us looking at some of these issues and concerns as part of our long-term affordable housing strategy. But it is something that we're really trying to ensure, that the process of getting to a hearing and the implementation and the enforcement of that decision are done fairly quickly, in a very seamless way that respects the rights of the landlord as well as the tenant.

It is really tough, though, for us to legislate a situation where individuals are bent on doing things that are totally inappropriate, but your comments are well taken. We'll look at those concerns.

The Chair (Mr. Garfield Dunlop): We're going to recess again for a couple of minutes. We'll be right back.

The committee recessed from 1722 to 1729.

The Acting Chair (Mrs. Joyce Savoline): Thank you for coming back.

Mr. Dunlop, you have nine minutes and 10 seconds.

Mr. Garfield Dunlop: Thank you very much, everyone. It's interesting, playing musical chairs here this afternoon as we try to finish off this round of questions.

Minister, I don't expect you'll have these answers readily available, but it's something I might like to see in the future, at some point, if you could provide them from the ministry.

I hear from my local constituents, ratepayers, business people etc. They seem to think, in a lot of cases, that a lot of municipalities have grown in size as far as the number of municipal employees. I don't know whether that's true or not. But I'm curious: Obviously you'd know the number of municipalities, of course, in the province of Ontario, but would you happen to know, for example, when you came to power in the fall of 2003, the total number of municipal employees on the payroll in the province of Ontario and what those numbers may be today, or even what they might have been at the beginning of this year, 2009? I don't have that information to back up any arguments I have from people who ask me about that.

Hon. Jim Watson: I don't have the information, the total number of municipal employees, but I'm sure we can—we might be able to track it down through AMO.

I don't know if in our financial reports—

Interjection: The FIRs.

Hon. Jim Watson: The FIRs have that? Well, our FIR reports would tell us the total number of employees. We can take all 444 FIRs, add them up and give them to you.

I can tell you, in the case of our ministry, we started in 2004-05 with almost 958 full-time equivalents in the

ministry. Today we're at 804, so we've actually decreased the number of full-time equivalents at the ministry.

You might be interested, Mr. Garfield—

Mr. Garfield Dunlop: Mr. Dunlop.

Hon. Jim Watson: Mr. Dunlop—

Mr. Garfield Dunlop: You're getting as bad as her.

The Acting Chair (Mrs. Joyce Savoline): That's why I started calling him Mr. Dunlop.

Hon. Jim Watson: It reminds me: My first parliamentary assistant was Mario Sergio, and I used to call him Sergio all the time because he also represented the same riding as Sergio Marchi, so it was always very confusing.

The number of consulting contracts—that's been in the news, obviously, a fair amount over the last little while. I'm pleased to report, in our ministry, we had 67 consulting contracts in 2006-07, and that figure dropped to 37 in 2007-08 and 23 in 2008-09. The value of those contracts has gone down from \$3.3 million to \$1.4 million. As well, our travel expenses claimed by staff have also fallen each year, from \$1.6 million in 2006-07 to \$1.1 million in 2008-09. Our travel expenses, air and rail, have gone down from \$492,000 to \$347,000. Even in temporary help services, we've gone from \$697,000 to \$204,000.

So we've tried to be fiscally prudent at the Ministry of Municipal Affairs and Housing. I give great credit to my deputy and his predecessor, John Burke, and the great staff that we have here who watch the bottom line very carefully.

We'll get you the figure as to the total number of employees, because they're required to submit that on an annual basis.

Mr. Garfield Dunlop: For all I know, the numbers may have reduced as well. But I hear that from constituents, and I wanted to get some background. I thought this would be a good opportunity.

Something I want to ask about is the financial position the province finds itself in today; I think we're going to find out even more on Thursday with the deficit. I'm wondering: When you're projecting housing units etc., and doing comprehensive planning, strategic planning for the future of the ministry, how will you handle something like a \$20-billion deficit? Are you going to carry on as usual and, whatever happens with the economy, continue to have so many housing units etc., and so much funding transferred to the municipalities, or will you have to take a serious look at some types of cutbacks or reduction in services or whatever it may be? What would your plans be at this time as you look down the road? We see a \$20-billion deficit this year, and God only knows how much it could be next year. Have you done any thinking on that?

Hon. Jim Watson: As you can imagine, it's a similar situation with the federal government and their deficit. A good portion of the deficit, I suspect—Minister Duncan will speak to this more precisely—is the fact that we have invested a significant amount, in the billions of dollars, in infrastructure, which is one-time money not

built into the core operating budget of the government of Ontario. There's no question that a combination of decreased revenues plus increased, stepped-up infrastructure have created a deficit at, I believe, every government in Canada. So we're not unique on that front.

We go through what is known as an RBP, a results-based plan, every year, which has to be approved by the Management Board and the treasury board. Following Minister Duncan's statement, our staff will work with Cabinet Office and develop our plan for the future, which, in essence, is our blueprint that will be presented to the minister, and he will have to decide whether it goes ahead or is altered or modified into the budget process for next winter/spring. It's certainly much more challenging this year than it would have been two years ago, when we had substantial surpluses for a number of years.

Mr. Garfield Dunlop: I guess my worry is how the municipalities plan around that as well, because they're obviously looking at the numbers coming out of the federal and provincial governments. I think most municipalities are probably appreciative of the fact that stimulus money has been put into the economy to try to create jobs. In fact, it's the most thriving part of the economy, in some cases, because a lot of contractors are extremely busy today, where other sectors of the economy—tourism, agriculture etc.—are not quite as healthy.

In your conversations with, for example, AMO, do they give you any kind of indication of what they are expecting over the next three to five years, or is that something you do on a yearly basis when you're meeting with key stakeholders?

Hon. Jim Watson: With respect to AMO and the municipal sector vis-à-vis infrastructure, they know they have a commitment from us and from the federal government for the next two fiscal years. So in many instances they've got more on their plate than they can handle, because there is a fairly large influx of infrastructure money that is being spent, and it has to be spent before March 31, 2011, under the federal government guidelines.

So they've got a lot on their plate, not that they're not thinking beyond that. We haven't really even broached beyond March 31, 2011, with the exception that in the housing portfolio we know that we have a commitment by the federal government for another three years of the affordable housing program or the affordable housing initiative—they call it AHI; we call it AHP.

That money—in many instances, this year's money—is already being spent, so it's not a question of it being clawed back, obviously, because the contracts have been signed, the graders are out there and the work is being done. That will ramp up even more in the next construction season, because I think some people realize there were some delays in getting approvals and so on, and they perhaps missed one construction season. So it will be very busy in the next little while.

Mr. Garfield Dunlop: Okay, thank you.

1740

The Acting Chair (Mrs. Joyce Savoline): Ms. DiNovo.

Ms. Cheri DiNovo: Again—this is my last kick at the can—I go back to those chilling statistics: 130,000 waiting on the affordable housing roster, 70,000 in the GTA alone, and a 10- to 12-year waiting list; and to the quote I'm still shuddering over that there's no reason to sleep on the streets, which I think is the 2009 equivalent of, "Are there no prisons? Are there no workhouses?" Suffice to say, I'm appalled at the responses and the glibness of them. The lack of concern is really what's most galling.

These are questions about the Landlord and Tenant Board that are in fact submitted by tenants from my riding, who call it the landlord board, and here's why. In 2008, they handled 69,000 eviction applications but only 1,200 applications for maintenance. Why is that?

Hon. Jim Watson: Let me just begin with once again correcting the record with respect to my comments about individuals who are living or sleeping on the street. I was very clear that it was not meant to insult those individuals, and I find it very sad and quite pathetic that you would demonize those individuals who are living on the street.

Ms. Cheri DiNovo: Oh, come on. It was you that did that, Jim. Check Hansard. We certainly are.

Hon. Jim Watson: I'm sorry—

Ms. Cheri DiNovo: I'm appalled. I lived on the street, and I'm appalled on behalf of myself and of all those who are on the street right now.

Hon. Jim Watson: I indicated that anyone who wanted help could find it in our society, because we're a caring society and we have put in place various mechanisms that ensure, whether it's emergency shelters or shelters or affordable housing or temporary—

Ms. Cheri DiNovo: There are not shelters for all of those sleeping on the street.

Hon. Jim Watson: I see it all the time. Every time there is a—

The Acting Chair (Mrs. Joyce Savoline): I don't want a debate.

Hon. Jim Watson: —cold weather warning in the city of Ottawa—

Ms. Cheri DiNovo: People die every year.

Hon. Jim Watson: —or the city of Toronto, individual facilities are opened up for individuals—

Ms. Cheri DiNovo: Never enough; I'll tell you that. Never enough.

Hon. Jim Watson: —so that they don't have to sleep on the streets.

I think it is very sad that someone ends up on the street, and that's why this government, more than any other government—including the NDP government, who talked a good tale but didn't deliver the goods—actually has put money into programs, whether they be through ComSoc, through the housing minister, through the health ministry or through the affordable housing initiative. We are building more affordable housing, we have provided more money than ever before for emergency shelters and the homelessness initiative that this government pushed for through the previous federal govern-

ment. It was this minister, in addition to the provincial and territorial ministers, who kept raising the red flag that the homelessness initiative programs were about to elapse on March 31 of this year. That was exactly why the federal government realized that they needed to be at the table with us, and I take great pride in the fact that I have taken a leadership role on the national stage to ensure that these programs continue and don't simply collapse as of March 31.

Can we do more? Absolutely. Is it disgraceful in a rich, caring and thoughtful society like Ontario's that people are living in the street? Of course it is. But the fact of the matter is that for individuals who seek help, there is a social safety net there. It's not perfect, and it's not an ideal situation, but it's a situation that I believe, when the community, the not-for-profit, the United Way, the Shepherds of Good Hope and Union Mission all work together for the good of these individuals—I'm very proud of the fact that our government is there, hand in hand with those individual organizations. I make no apology for being part of a government that is actually putting its money where its mouth is, that brought in the rent bank that staved off 21,000 evictions of individuals and families in the province of Ontario. That is a significant achievement and something we should all be celebrating, regardless of partisan positions.

With respect to the Landlord and Tenant Board, we have made changes. I don't believe it is as slanted as you say it is in calling it simply the landlord board. What we've tried to do is bring some balance back, because we believe the previous government looked at the Landlord and Tenant Board through the lens of the landlord. We're looking at it through the lens of the landlord and the tenant. We have made significant changes to the Landlord and Tenant Board so that, among other things, rent increases are at the rate of inflation and don't surpass the rate of inflation. We've also brought in a process to eliminate unfair evictions. There are no longer automatic evictions. That is something new that was brought in by this government. Every tenant facing eviction now has access to a hearing at the Landlord and Tenant Board, which was not the case before.

We also brought forward better maintenance of buildings provisions. There were times when I was a city councillor that a landlord was given an order to fix a furnace or fix a heating system and it was not fixed, yet the increase went ahead anyway. That was patently unfair. Tenants in buildings with serious maintenance problems may now apply for a freeze on rent increases. That's the ultimate punishment of a landlord: to freeze a rent increase. You have the mechanism that you can go through the property standards bylaw of municipalities. I used to send people to property standards all the time—

Ms. Cheri DiNovo: If you question these stats, they come from the Landlord and Tenant Board itself: 69,000 evictions, 1,200 applications for maintenance. I'd like to know why those stats exist.

Hon. Jim Watson: Because those are the stats that are brought forward.

Ms. Cheri DiNovo: Why is it so skewed in favour of the landlords?

Hon. Jim Watson: With all due respect, it's not a question of being skewed in favour of the landlord. There happened to be more evictions in the particular year you are quoting. Quite frankly, there are a lot more tenants than there are landlords, so the nature of the numbers is going to be that you're going to have more people in the tenant category than the landlord category. There are hundreds of thousands of tenants and there are probably only thousands of landlords, so just the sheer number of tenants.

But I think you'll agree with me, Ms. DiNovo, that the changes we made to the Residential Tenancies Act in 2006 did bring back a greater sense of balance. I certainly heard that from tenants I've talked to in my hometown over the course of the last couple of years. They're certainly much more appreciative of the balanced and transparent approach to the increase in rent. During your time in office, they saw a record—

Ms. Cheri DiNovo: It wasn't my time; it was Bob Rae's time in office.

Hon. Jim Watson: Don't distance yourself from your party. You're a New Democrat, and the highest increase by party was 6%.

Ms. Cheri DiNovo: I do distance myself from Bob Rae.

Hon. Jim Watson: Under the PCs it was 3.9%. The Tories did better than the NDP when it came to increases. The aggregate of your party was 27%, our party was 14% and the Tories again defeated and beat you at 23.9%. We had instances when the party was—look at this: 5.4%—

Mr. Bob Delaney: On a point of order, Mr. Chair: It would be worth mentioning that sitting here in estimates, our purpose is to consider the ministry's plans and budget for the upcoming year. As satisfying as it may be to engage in some of these things, it may not be productive for the balance of our time here.

The Chair (Mr. Garfield Dunlop): Thank you very much, Mr. Delaney. We could maybe get a little more onto the estimates and finish up our time a little more peacefully. Thank you.

Go ahead, Ms. DiNovo.

Ms. Cheri DiNovo: It's hard to be peaceful. I feel passionate about this, as do thousands of Ontarians who are living on the streets.

Why is it that with all the property—and that was an estimates question, by the way: 69,000 eviction applications and 1,200 applications for maintenance.

The minister mentioned earlier that there was the possibility of a rollback of rent or a rent freeze in certain instances, and yet not one of those tenants received a rent reduction or a rent freeze. There was not one instance of a rent freeze or rent reduction in the year 2008. Again I ask: How well is the system working?

Hon. Jim Watson: We'll go back and verify the statement you just made from the chair of the Landlord and Tenant Board and determine whether it's accurate or not.

Ms. Cheri DiNovo: How much time do I have left?

The Chair (Mr. Garfield Dunlop): You have about 10 minutes.

Ms. Cheri DiNovo: Wonderful. Moving on then, the understanding about the shelter rates for a single person on OW is \$356 per month. That is only half of the average rent for a bachelor apartment in Ontario, which is \$690. A shelter allowance for a single mother with two children on OW is \$607, whereas the average two-bedroom apartment rent is \$948. How are individuals and families expected to secure housing when shelter allowances are so inadequate?

Hon. Jim Watson: As the honourable member may know, that is a responsibility of the Minister of Community and Social Services. It's my understanding that Minister Meilleur is going to be appearing before the estimates committee, so you may wish to ask her that question at that time.

1750

Ms. Cheri DiNovo: One would think that the Minister of Housing would have some input about housing allowances and be interested in this topic, though.

Hon. Jim Watson: I do have an interest, but I also respect the fact that I have another colleague who has direct responsibility for that particular file. As you know—you're a critic for certain portfolios I'm a minister for a portfolio—we respect each other's responsibilities. Minister Meilleur, I'm sure, would be very happy to talk about the shelter allowance program.

The shelter allowances have, as you know, been increased, as have Ontario Works and ODSP levels, over the last several years since our government came to office, after close to an eight-year freeze.

Ms. Cheri DiNovo: One would hope the minister would agree that they're still far below the poverty line in Ontario.

Moving on, this is regarding the building code: Organizations such as Natural Resources Canada, the city of Toronto, and CMHC are promoting the concept of solar-ready houses. This involves constructing buildings to be solar-ready so that they require minimal retrofits in order to install solar water heating or photovoltaics in the future. This can include installing a low-cost conduit from the attic to the mechanical room or reserving space for future equipment installation. Each of these modifications can cost less than \$100 during original construction but could cost thousands of dollars to add as a retrofit. Requiring buildings to be solar-ready is a cost-effective investment as the relative costs of solar energy technologies decrease.

The example given to me was, in September 2008 the city of Vancouver revised their building code to require all one- and two-unit dwellings to be built solar-ready.

Has the ministry explored requiring that new buildings be solar-ready through the building code?

Hon. Jim Watson: As the honourable member may know, through the Green Energy and Green Economy Act we have brought changes to the building code that: clarify that energy and water conservation are purposes

of the building code, which is a significant alteration of the code; require regular five-year reviews of the code's energy conservation provisions; and finally, mandate the creation of a building code energy advisory council, which is currently being established.

I was very pleased to hear, just yesterday, that there are approximately 70 applications for that building code energy advisory council. The purpose of the council will be to provide strategic advice to the government on the future direction of energy-efficiency provisions in the building code, and members are being recruited through the public appointments process.

I might also point out that our government is creating a greener Ontario and a culture of conservation. Energy-efficiency requirements of the building code support these priorities, and let me just give you a couple. Our government amended the building code in 2006 to increase energy conservation requirements for houses and larger buildings and to reduce barriers for the use of green technologies. Secondly, the energy conservation requirements of the building code strike a balance between tough new energy conservation standards and continued housing affordability. And by 2012, which is not too far away, the energy conservation requirements introduced in the 2006 building code are expected to save enough energy to serve 380,000 homes, or enough to power the city of London, and reduce greenhouse gas emissions equivalent to 250,000 fewer cars on Ontario roads.

Most of the changes that are introduced in the 2006 code are already in force. Some additional requirements for residential and commercial buildings are being phased in through to 2011. As you know, it takes some time to get the code updated and get the building industry up to speed on these changes. But since December 31, 2008, for instance, one of these changes requires a near-full-height basement insulation in homes, which makes the basement more energy-efficient and cuts down on greenhouse gas emissions.

So we actually have the most energy-efficient building code in the country, and other jurisdictions, other provinces, often wait and follow our lead, and I'm proud of the work that we're doing.

I look forward to having the building code energy advisory council up and running within the next several months, which that would offer me, as minister, advice on a regular basis on how we can do better.

Ms. Cheri DiNovo: So right now we don't require that one- or two-unit dwellings be built solar-ready, in other words.

Hon. Jim Watson: No, we don't.

Ms. Cheri DiNovo: Okay. I'm going to get back to energy and environmental audit questions, but I'm aware of the time. I want to ask this because it's important—about the OMB and SLAPP suits. I brought forward a motion to reform the OMB. I've certainly been before the OMB many times on behalf of constituents. The process, as anybody who's been before the OMB knows, is incredibly slanted on the developer's side. They have the money and the resources to have planners and lawyers on

the payroll, and they're usually up against citizens' groups who are taking a day off work, who don't have the planning expertise and don't have the lawyers on their payroll.

In fact, this is not my experience only or my opinion only or that of my constituents', but the Environmental Commissioner of Ontario in his report stated, "The planning system is hugely weighted in favour of those in the development industry who have the resources, knowledge and experience and access to a stable of planning, environmental and other professionals with specialized expertise to skilfully argue their case before the Ontario Municipal Board." Do you agree with his statement that the system is stacked in favour of developers?

Hon. Jim Watson: I had the opportunity to speak to the Environmental Commissioner yesterday and we agreed to disagree. He believes there is a need for anti-SLAPP legislation. I indicated that there were no provinces that had anti-SLAPP; in fact, Quebec does. BC did, but it withdrew.

The OMB, as you know, is authorized to award costs. It does so very rarely, when someone's conduct is clearly unreasonable, frivolous or in bad faith. The ability to award costs helps to ensure the process is fair for all by discouraging unreasonable conduct. We've also established the citizen liaison office, and individuals can call the liaison office at a toll-free number or visit the OMB website.

But the government is not preparing any legislation or regulation that would bring in anti-SLAPP legislation, because we think there are two sides to every issue that goes before the OMB, and there are times when, for vexatious reasons, someone in a neighbourhood is bringing forward a case against another neighbour. This is not just about development and big developers; this is also about neighbourhood disputes that can go to the OMB. You have an individual who doesn't happen to like his neighbour, and all of a sudden, it gets all the way to the OMB, and that neighbour isn't a wealthy person. I think it's incumbent that there be some mechanism in place, because if there was not a mechanism in place, then the matter would have to go to the court system, and the court system is substantially more costly.

From time to time, I have people telling me we should get rid of the OMB. I don't subscribe to that. There are times when the OMB makes decisions that frustrate me as a taxpayer or as a minister, but at the end of the day, if not the OMB, then it's through the court system, because in a democracy you need some right of appeal as an ordinary citizen to correct an injustice that has been made by a municipal government, a developer or a neighbour. The OMB is substantially less expensive and cumbersome than the court system. That's why I think, in throwing out the OMB, you have to ask those people what the alternative is. The alternative in a democracy is a court date, and good luck containing the costs at the court system.

The Chair (Mr. Garfield Dunlop): You've got about a minute.

Ms. Cheri DiNovo: Sure. Just to sum up, actually 25 states have anti-SLAPP legislation and—you're correct—Quebec as well. Even the threat of a SLAPP suit is enough to send a chill through citizens' groups. I was wondering—and the minister can walk away with this, and I'd love to have an answer to it—if they've actually studied how many citizens do not come forward because of fear of SLAPP reprisals. Certainly it's been written about in all the dailies.

Hon. Jim Watson: If they haven't come forward, you wouldn't know those statistics. So I think it would be very difficult. I can tell you, though, that the number of cases filed at the OMB—I indicated this once before—has decreased by 11% in the last year, from 1,932 cases to 1,581—

Ms. Cheri DiNovo: Do we know why?

Hon. Jim Watson: A couple of reasons. It's thanks, in part, to changes to the Planning Act. Secondly, we believe that that number would fall down substantially if municipalities adopted the local appeal board, similar to the committee of adjustment, that would empower local

individuals to make the decisions on minor variances and consents. So that mechanism has been given to the municipal sector, and we challenge them to put that in place.

The Chair (Mr. Garfield Dunlop): That's good, Minister. That concludes the time for estimates. We have the votes now. I thank everybody for their patience here this afternoon with our revolving door and the musical chairs. I want to ask the question.

Shall vote 1901 carry? Carried.

Shall vote 1902 carry? Carried.

Shall vote 1903 carry? Carried.

Shall vote 1904 carry? Carried.

Shall the 2009-10 estimates for the Ministry of Municipal Affairs and Housing carry? Carried.

Shall I report the 2009-10 estimates of the Ministry of Municipal Affairs and Housing to the House? Agreed.

Thank you to the minister and to all the staff in the Ministry of Municipal Affairs and Housing.

We will be adjourned until next Tuesday morning at 9 o'clock. Thank you.

The committee adjourned at 1758.

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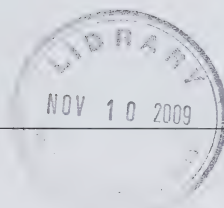
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Official Report of Debates (Hansard)

Tuesday 27 October 2009

Journal des débats (Hansard)

Mardi 27 octobre 2009

Standing Committee on Estimates

Ministry of Health
and Long-Term Care

Comité permanent des budgets des dépenses

Ministère de la Santé et des Soins
de longue durée

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 27 October 2009

Mardi 27 octobre 2009

*The committee met at 0901 in room 151.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Mr. Garfield Dunlop): Good morning, everyone. I'd like to welcome Minister Matthews and everyone from the Ministry of Health and Long-Term Care. We're here today for the consideration of estimates of the Ministry of Health and Long-Term Care, and we're here for a total of seven and a half hours.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officers.

I did want to point out today that we had asked around, and I know that Arlene King, the chief medical officer of health from the public health division, can only be here today, having a lot to do with H1N1 and the distribution of the medicine. If anybody had any questions today that might be specific to that, it would be helpful, because Dr. King will be here just today. Are there any questions before we start?

I will now call vote 1401. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party. Then the minister will have up to 30 minutes for a reply. The remaining time will be apportioned equally among the three parties.

What will likely happen here today is that we will recess at 10:20, and at that time, member for the third party, you'll have another 10 minutes to begin when we reconvene in the afternoon.

With that, I'd like to welcome the minister. Minister, you have 30 minutes for your opening statement.

Hon. Deborah Matthews: Thank you. Mr. Chair, committee members from all parties and members of the public, it is indeed a privilege for me to have this opportunity to appear before the Standing Committee on Estimates.

I'd like to start by thanking the members of the committee. I know you put a lot of time, energy and thought into this process, and I do want to thank you for that.

I've been in this job for just one day short of three weeks, but I have been a member of this Legislature since 2003. As all of you will know as MPPs, you become very familiar with some of the challenges in the health care sector through your work as an MPP. I can tell you that I am very proud of what our government has accomplished in the time that we have been in government.

The investments that we've made into Ontario's health care system have paid off for patients across the province, investments that include an overall increase of 45% in health care spending in the last six years. We have doubled the funding of public health programs, we now spend more on mental health than has ever before been spent and we've increased hospital funding by \$4.6 billion. That's an increase of 42%.

However, I don't measure success by how much money we spend; I measure success by how well we have done by the people of Ontario. We have done more than simply funnel money into the system; we have enhanced care for patients.

Through the hard work and collaboration, of course, with health care providers, our government has seen improvements to the delivery of health care services that better meet the needs of patients, that implement best practices of care across the province and—I'll be speaking more about this later—we have begun to publicly report on how well we are achieving the goals that we have set for ourselves and for our system. What we have accomplished has truly improved the health care that Ontarians look to each and every day.

As I said, this is my third week on the job as Minister of Health, a position I am honoured to have received. I am excited to become a part of the progress made in the health care portfolio going forward.

I'd like to begin my remarks by giving you all a snapshot of a day in the life of Ontario's health care system. Today, about 160,000 of us will visit a family physician—perhaps more, given the H1N1 pandemic. Today, around 41,000 X-rays and 2,000 other diagnostic imaging tests will be done and 50 of us will have hips or knees replaced. This is no small feat. These are just a few examples of what happens in our health care system on a day-to-day basis.

From the beginning of our government's mandate we recognized that the issues facing the province's health care system are complex and we appreciated the difficulty surrounding the system's sustainability, so we've

changed the way health care is provided to the province to better meet the needs of Ontarians. For instance, to ensure that health care reflects the local needs—and this is such a diverse province—we have created the local health integration networks to plan, to fund and to integrate health care services in each area of the province.

Added to our longer-term challenges are the recent global economic downturn and its ongoing effect on the province's revenues. In both the 2008 and 2009 fall economic statements, the Minister of Finance made it clear that the global economic downturn would not leave Ontario unscathed. Our government has indicated that we will stand by our commitments, but the implementation of some programs will take longer to achieve than had been anticipated.

Despite the challenges posed, we are absolutely determined to have a system that is patient-centred, transparent, accountable and sustainable, a system that provides the highest quality of health care in the world.

To achieve its goals, our government will continue to focus on three major priority areas: We're reducing wait times—our current focus is a special emphasis on emergency department wait times; we're improving access to family health care for all Ontarians; and last, but certainly not least, we're making sure that every dollar that is spent on health care is invested wisely and prudently and improves health care for Ontarians.

0910

We chose these three priorities because we know they are important to Ontarians and we're working toward these goals with the patients' needs at the top of our list. I believe that by addressing these issues, we're not only promoting patient satisfaction and enhancing the confidence that Ontarians have in the health care system, we're providing patients with the highest level of care possible.

We started by listening to what Ontarians wanted us to do most. Ontarians asked us to reduce wait times for health care services, for surgeries, for transfer to an in-patient bed when hospital admission is necessary and, of course, Ontarians want a reduction in time spent in hospital emergency rooms.

The emergency room has always been and is still a default doorway of sorts into the health care system. People go to the ER when they don't know where else to go. Ontarians make more than five million visits to ERs every year and approximately half of those visits are by patients who require care that does not necessarily come from the emergency room departments. Therefore, our government is focusing on two components to improve ER wait times. We need to reduce the number of people who turn first to the emergency room for help, and when people do come to the emergency room we need to get them treated and out of the ER either into admission, into the community or into some kind of alternative level of care place more quickly.

The wait time issue quite simply cannot be solved by focusing on the ERs alone. It reflects a broader system imbalance that goes well beyond the waiting room. To

achieve this goal, last spring our government launched the emergency room/alternate-level-of-care, or the ER/ALC, strategy that encompasses the following co-ordinated steps: Removing ER demand by providing people with appropriate care and options outside the ER so they can avoid the ER in the first place; the second step is building ER capacity and processes so that patients can get the fast, high-quality care they deserve when they truly need it; and the third step is faster discharge for patients requiring alternate levels of care, moving them out of acute care beds and into a more suitable care setting.

The Ontario Hospital Association reports that 18% of acute care beds in Ontario's hospitals are occupied by patients who are waiting for post-acute services, community supports to go home or to move to a long-term-care facility—18% of the acute care beds are being occupied by people who don't need that level of care. These beds are then not available to acute care patients who may be waiting in the emergency room to be admitted to the hospital.

Our government's alternative-level-of-care, or ALC, strategy is aimed at getting this group of patients out of the acute care beds in a timely manner and into settings that better suit their specific health needs. Our unprecedented investment in a \$1.1-billion aging-at-home strategy works to improve access to community-based health services to encourage independence for the elderly in the province. Services such as supportive housing, home care, community care services like meal delivery and transportation to appointments, specialty geriatric services, and health and wellness programs work to reduce demand on hospitals and the need for long-term-care home admissions, they improve the level of care that seniors receive and they increase the health care services available to seniors.

At the end of the day, the only way to know how well all these strategies are working is to measure the results, because if you can measure it you can improve it. That's why we began public reporting of ER wait times in February of this year. Ontarians can go online to ontariowaittimes.com to access information about their local ER whenever they need to. The most recent data show provincial ER length of stay decreased to 8.9 hours from the April 2008 baseline of 9.4 hours—so we're making progress; we're moving in the right direction.

We're also getting closer to meeting our four-hour target for patients with minor uncomplicated cases. Currently, nine out of 10 such patients spend no more than 4.8 hours in the ER from the time they register to the time their visit is complete and they leave the ER. Our target is four hours. The ER length-of-stay targets were established to ensure Ontarians are receiving the highest quality of care possible and in a timely manner. The success we've seen in reducing ER wait times will strengthen the health care system and increase public satisfaction. I'm sure you will all agree with me that waiting in an emergency room waiting room is not where you want to be spending your time. We would all rather be back at home.

Our second priority area is improving access to family health care for all Ontarians so that patients have a professional to turn to to help them navigate through the health care system, so that they can access clinical services closer to home, so that they will experience a better continuity of care and so that they have alternatives to hospital ERs for non-emergency health care.

Over the past four years, we've made significant strides in increasing Ontario's health human resources. We have more family health teams. We have more community health centres. We have more doctors and more nurses working the front lines to provide care to Ontarians.

However, we still have work to do. There are still Ontarians seeking a family health care provider, particularly Ontarians in disadvantaged populations and those with special health care needs. That's why we've committed to adding 50 new family health teams to the 150 that we have already created; we're establishing 25 new nurse-practitioner-led clinics—the first one in Sudbury; and we're increasing physician supply, the number of physicians, including 100 new medical training positions in the province.

Family health teams and nurse-practitioner-led clinics are particularly successful models. They're currently serving more than two million Ontarians; two million of the 13 million people in the province are being served through family health teams or nurse-practitioner-led clinics. Of those two million, 300,000 previously did not have a family doctor. By providing comprehensive and collaborative care closer to home, they are reducing the need for ER visits, and they're easing the strain on hospitals by enabling them to deliver the acute care they were designed to deliver and deliver it faster.

We've built and are continuing to build different access points in health care, from family health teams to nurse-practitioner-led clinics, from community health centres to urgent care centres, all to alleviate pressure on our hospitals. To ensure that patients are using these ER alternatives, our government has launched two interactive tools for patients. We did this last February.

The Your Health Care Options website, with Google-style mapping, provides Ontarians with information on health care options in and around their communities. Health Care Connect is Ontario's unattached patient registry. It's accessible over the phone and online, and it helps people without a family health provider find one. To date, over 11,000 Ontarians have been referred to a family health care provider through Health Care Connect, thousands of them being vulnerable individuals and those with complex medical conditions.

Together, our efforts have resulted in 800,000 more Ontarians with access to family health care since we came to power in 2003; 800,000 more Ontarians have access to a family health provider today than six years ago.

We've invested in the expansion of our health care resources and we're committed to promoting inter-professional collaboration to improve health care de-

livery. Our HealthForceOntario strategy is working to ensure that Ontario has the right number and the right mix of appropriately educated health care practitioners in the right place at the right time with the right skills. That means allowing regulated health professionals to better utilize their skills within their individual scopes of practice, a strategy that supports team-based care and interprofessional collaboration.

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Evidence shows that the benefits of this kind of approach are undeniable. They include better patient outcomes; improved access to care; increased caregiver satisfaction, which decreases turnover; and lastly, a more effective use of our precious health care resources. Our proposed legislation, Bill 179, would increase access to care for Ontarians and enhance a regulatory system that would increase patient safety.

I believe in the importance of building a health care system that is more efficient and easily adaptable to the changing health care needs of Ontarians. By encouraging a more collaborative health care system, we're improving the care that patients receive.

So far, I think you have seen that it takes more than one approach to solve the issues surrounding wait times and access to care. There is no one solution. All the investments we have made are working together to bring us closer to our goals.

Just as we look to a range of health care options to provide the right care in the right place, we're also looking towards several initiatives to support the changes we need to improve the quality of care patients receive. At the very centre of the support that we need to improve our system are the nurses, the doctors, the pharmacists and all the health professionals who have the health care of Ontarians put into their hands every day.

There are about 2,300 more doctors practising in Ontario today compared to 2003. Last year, we completed a 23% expansion of medical school capacity and we're working to add 100 more first-year medical school spaces.

We've also seen terrific success come out of the Northern Ontario School of Medicine. With 56 first-year spaces and with campuses in both Sudbury and Thunder Bay, the Northern Ontario School of Medicine is now training 224 medical students in the north, doctors who are much more likely to stay in the north, practise in the north and give back to the communities that have taught them what they know.

Ontario is also one of the few jurisdictions in the world to guarantee a full-time job opportunity for every new nursing graduate. Through the nursing graduate guarantee program, more than 7,700 graduates have been matched to a guaranteed job opportunity and 76% of new nursing graduates completing the program are transitioning into full-time employment. Without the dedicated support of our doctors and nurses, Ontarians would not be able to receive the level of care they do today.

The kind of care that Ontarians need is evolving, and we're working hard to improve the system to meet the

needs of patients today and tomorrow. Our investments in electronic health records are significant, and what we're working to create will undoubtedly improve our health care system. Electronic health records will ultimately result in better patient care and a more efficient health care service delivery for health care providers.

But as I stated earlier, we must ensure the greatest value for taxpayer dollars spent. Ontarians expect to see their tax dollars spent on high-quality health care policies and services, and so do I. Our government remains committed to ensuring that the money we spend on eHealth is devoted to initiatives that will strengthen and modernize the province's health care system.

We've taken the concerns brought forward in the Auditor General's special report on eHealth very seriously, addressing each of the recommendations in the AG's report, which are now well on the way to being fully implemented. We've established solid new rules and regulations that will ensure proper governance and accountability when it comes to procurements and spending. We've also reduced the use of consultants. Consultants are now used only when necessary. All tenders are open and competitive and we're cracking down on inappropriate spending. For example, if you were to look at the ministry's eHealth programs branch when it was transferred to the agency in April of this year, there were about 600 employees and 385 consultants. By the end of this fiscal year, the number of consultants will be 160. This is an overall reduction of 225 consultants, or 58%. The lessons we have learned through eHealth Ontario and this AG's investigation have helped us to improve procurement and expense policies right across government. We're setting a higher standard for everyone, inside the Ontario public service and outside, with broader public sector partners, by demanding more transparency, more scrutiny, more responsibility and more accountability.

Right now, I am focusing on moving eHealth forward. I believe that we're on the right path to achieve an electronic health record for everyone in the province, and investments made through eHealth to date are extremely valuable. We've made significant accomplishments. Currently, there are about 80,000 Ontarians enrolled in a pilot project for ePrescribing, which will reduce medication errors caused by paper prescriptions and will save lives. More than one million Ontario children already have an electronic health record through a network called eCHN, and four million Ontarians have an electronic medical record through a partnership with OMA called OntarioMD, which has signed up 3,300 physicians to date with plans to add another 5,700. EHealth has also helped to build the Ontario Telemedicine Network, one of the largest networks of telemedicine sites in the world. It connects over 50,000 patients a year to a doctor and has made Ontario a leader in the field of telemedicine. EHealth has ensured that every hospital in the province has gone filmless. It is now storing and using digital diagnostic scans.

It's important to remember what we have done up to this point. We have laid the foundation for the expanded

services that eHealth will provide. We've built the highway on which these services will travel and we are continuing to develop the building blocks that will make EHR a reality. We know that there is still work to be done to get these tools into the hands of Ontarians, but what we've done has put us on the path to achieving our goal of an EHR, one of the most important investments our government can make for the future of our health care system. Let me state again that the reforms we've introduced have one, and only one, purpose: to better serve the people of this province with access to the highest quality health care.

When reviewing what we've achieved, I believe that you will agree that we're making big strides toward improving Ontario's health care system in a way that truly benefits patients. This government has worked hard to remove barriers and ensure better access to health services for all Ontarians by increasing access to the collaborative health care model, by reducing wait times in ERs for important surgeries and procedures and increasing the number of primary health providers. In the months and years ahead I will remain devoted to continuing the efforts that were passed on to me and I am confident that we will continue to make progress. Thank you very much.

The Chair (Mr. Garfield Dunlop): Thank you very much, Minister. You have about another five minutes that you can use. Is there anything else you want to add to what you've said there?

Hon. Deborah Matthews: I think we can carry on. I'm fine.

The Chair (Mr. Garfield Dunlop): Okay. Thank you very much, then. So now we'll go to the next 30-minute rotation, which will be to the official opposition. Ms. Elliott, you have 30 minutes. You can do a statement for as long as you want, for up to 30 minutes, or you can take a few minutes, do a statement and then ask questions of the minister.

Mrs. Christine Elliott: Good morning, Minister Matthews and Mr. Sapsford. What I would propose to do is just make a brief statement and then there are several questions I would like to ask of Dr. King, given her availability this morning, and then return to questioning—

Hon. Deborah Matthews: She'll be here this afternoon.

Mrs. Christine Elliott: This afternoon? Okay, sorry. All right, then I'll just carry on from the statement.

I am pleased to have the opportunity to address this committee with respect to the very important issues of health and long-term care in the province of Ontario. Much like the minister, who's been in this job only for a few weeks, I've only had a brief tenure as critic as well, so this is very much a learning opportunity for me and I certainly see it as such.

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Health and long-term care are issues that are near and dear to Ontarians and something that I think, as MPPs, all of us hear about in our community offices each and every day. Increasingly, we are hearing from our constituents—

and I do say “we” in the sense of the official opposition, but I think that the members of the NDP and the government are also hearing this—who are very concerned about our health care and long-term-care systems not meeting their needs. This is despite the fact that health care and long-term care is the biggest single expenditure in our budget and despite the so-called health care premium which Ontarians are paying, which is by any measures a health care tax. Ontarians are paying more than \$3 billion annually for health care as a result of this tax, yet by virtue of almost every measure they are paying more and receiving less service. I haven’t really heard of any single Ontarian who feels that our health care system is better as a result of the McGuinty health tax. In fact, what I have heard is to the contrary: Most Ontarians feel that they are paying more and getting less.

We’ve certainly heard that our seniors are not receiving the home care placements they deserve. There are many situations where seniors are being placed far away from their spouses in different geographic locations and spouses are not able to visit them; that they’re living in homes that desperately need to be upgraded; that we have fast-growing areas in our province that are not being served, and my own home region of Durham certainly is evidence of that; a rapidly growing population where we’re underserved in terms of health care services across the board, and I know that is true also in many rural and northern areas.

We also have recently seen a situation where there are a number of patients—and I hear about this again in my community office on almost a daily basis—who are not receiving the medications they need. We’ve heard about the Avastin situation most recently and that is by no means the only medication situation that we are hearing about.

We also have many hospitals across the province that are in deficit situations and I think we’re all waiting for the other shoe to drop, wondering whether they’re going to be needing to cut services. I know that is a concern for many hospitals in Ontario.

All of this is against a backdrop of the recently announced virtually \$25-billion deficit in Ontario, and, with a 48% drop in corporate revenues, I think this all makes us very concerned about the state of Ontario’s economy and, more specifically for the consideration of this committee, the state of health care in Ontario.

Now, we are talking about a number of things and we will be getting into a variety of areas; health care, of course, is such a major area. But I would like to start with questions with respect to some matters that have come up recently—and I think the minister was dealing with some of these in question period yesterday—and that is with respect to a contract with McKinsey and Co. Canada, a \$750,000 contract from the Ministry of Health and Long-Term Care to review the Ontario drug benefit plan for seniors and welfare recipients. There seems to be a lot of mystery around this contract and I have a few questions because McKinsey and Co. did a similar report in the UK that recommended that the National Health Service be

reduced by 10%. So there’s a lot of anxiety around that contract for a variety of reasons.

I would ask, first of all, if the minister could confirm whether or not this contract was tendered, just as a starting point. Was that a sole-source contract or was that a tendered contract?

Hon. Deborah Matthews: That absolutely was sole-source. I don’t think anybody is pretending it wasn’t. It was let prior to the change in procurement rules.

But let me please make something very clear, as I did in question period. You raised the issue that people are feeling anxiety about that. I think it’s a responsibility of all of us to make sure that we don’t add fuel to that anxiety. I said yesterday in the Legislature that we are planning absolutely no cuts to seniors, no cuts to people on social assistance. We are actually doing quite the opposite. We are looking at how we can expand availability of drugs to people in Ontario. I think that it’s very important that all of us understand and do not try to fuel that anxiety that some may feel. This is a very important initiative for us. We, in Ontario, pay far too much for drugs. We can spend that money more wisely to improve access to drugs for people in this province, and that’s what we’re committed to doing.

Mrs. Christine Elliott: Minister, can you tell us why there was an initial reluctance to discuss this contract, then?

Hon. Deborah Matthews: This is a contract that—I think it’s really important, if we’re going to move forward on an initiative that will expand access to drugs, to bring down the cost of drugs in this province, that we do the homework. We are doing that homework now, and we are, as I say, committed to getting the very best value for the taxpayers’ dollars spent on health care. We know there’s an opportunity within the world of drugs, and that’s what we’re committed to doing.

Mrs. Christine Elliott: The \$750,000 contract with McKinsey and Co.—was that the total cost of the contract for the work or was it broken into components?

Hon. Deborah Matthews: I’ll turn to my deputy for that. I’m not sure.

Mr. Ron Sapsford: That was the total cost, and it was set as a maximum amount.

Mrs. Christine Elliott: Okay, for \$750,000 to do that?

Mr. Ron Sapsford: Yes.

Mrs. Christine Elliott: Does the ministry have any other contracts with McKinsey and Co. at present or in the past?

Mr. Ron Sapsford: Presently, I would have to check. I don’t believe so. Previously, they did some work on the same file several years ago.

Mrs. Christine Elliott: Okay. Would you be able to check? Would you undertake to check—

Mr. Ron Sapsford: Yes, certainly.

Mrs. Christine Elliott: —and to provide us with a list of any contracts that the ministry now has or ever has had with McKinsey and Co. since 2003?

Mr. Ron Sapsford: Since 2003? We'll do our best. Certainly current contracts—we can provide that information.

Hon. Deborah Matthews: I do feel the need to respond to one of the comments you made in your introduction. You said that, no matter how you measure it, Ontarians are getting worse health care. That is simply not true. In fact, we have put a high value on measuring results. That is why, since we've been elected in 2003, we actually measure wait times. When we were elected, we knew anecdotally that people were waiting a long time for hips and knees, for cardiac surgery, for cancer surgery. We heard anecdotally about it, but we didn't measure it across the province. Now we not only measure it, we've set provincial targets that are based on the evidence that this is a medically acceptable time in which someone should get a procedure, and we post online, publicly available to everyone, what the wait times are in each of the hospitals across the province. We have measured it. We have seen extraordinary success in the reduction of wait times, and it's publicly available.

You talk about, "There's no measurable improvement. In fact, it's worse when it comes to long-term-care homes." We've made enormous investments in long-term homes. We've raised the standards. We've increased the number of beds. We're engaged in a redevelopment so that the homes are more comfortable for people.

When it comes to access to family doctors, we heard stories—you must have heard them too; I sure did—about people desperate to get attached to a primary health care provider. We now actually have a system that connects those patients who need access with physicians, and we're achieving very good success making those matches.

I don't think there is anything you could point to that would actually say that health care is anything but significantly better than it was when we took office. And if you have ways to measure that, if you have evidence to support that claim, I'd be really interested to see it, because all of the ways we have measured it have shown significant, measurable, meaningful improvement to health care in this province.

The Chair (Mr. Garfield Dunlop): Minister, I didn't cut you off this time, but that's the sort of thing you would respond to you in your second 30 minutes—

Hon. Deborah Matthews: Okay, I'll do it again, then.

Laughter.

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The Chair (Mr. Garfield Dunlop): All right, thank you.

Hon. Deborah Matthews: All right. I appreciate that, Chair.

Mrs. Christine Elliott: Thank you. I'll leave my comments with respect to some of those specific issues that you mentioned, Minister, for another line of questioning. But just carrying on with the McKinsey contract, have there ever been contracts with McKinsey that have been paid for not out of the Ministry of Health budgets, but out of any hospital budgets?

Hon. Deborah Matthews: Deputy?

Mr. Ron Sapsford: If hospitals have used external consultants, that would be their decision. If you're asking if they have been done on behalf of the ministry, to my knowledge, no.

Mrs. Christine Elliott: So to your knowledge, no hospitals have been directed to pay any McKinsey consulting fees through their budgets.

Mr. Ron Sapsford: By the ministry?

Mrs. Christine Elliott: Yes.

Mr. Ron Sapsford: No.

Mrs. Christine Elliott: Would you undertake to check that?

Mr. Ron Sapsford: To verify that?

Mrs. Christine Elliott: Yes.

Mr. Ron Sapsford: Certainly.

Mrs. Christine Elliott: Okay, thank you.

With respect to any other consultants' contracts, have they—to your knowledge again, if could you check not just McKinsey, but any other consultants' contracts that have been paid for through hospital budgets—that were contracted through the Ministry of Health, I should say.

Mr. Ron Sapsford: Right. All hospital revenue is transferred to hospitals, and then specific use of that money would be in the hands of the hospitals. So I'm not sure if I'm following your question as to what you'd like.

Mrs. Christine Elliott: What I'm concerned about is whether there have been any consultants' contracts that have been negotiated by the Ministry of Health where there has been direction to hospitals to pay all or any part of the cost of the consultants' fees.

Mr. Ron Sapsford: Negotiated by the ministry, okay. I can verify that for you.

Mrs. Christine Elliott: Yes, thank you.

Minister, can you tell us what the status is of the McKinsey report and where it is at this point?

Hon. Deborah Matthews: Yes. As I said, there is no question that Ontarians are paying too much for drugs. We made some good progress with Bill 102, but I do believe that there is more to do when it comes to getting the best possible value for taxpayers' dollars. We are very carefully looking at what some options might be to continue to expand access to drugs and drive down the costs of drugs in this province. Obviously, that is work that we are doing, and I think it's very, very important work.

As MPPs, we are approached by people in our constituencies who are advocating for expanded access to drugs. We have a very rigorous program here where we've removed from politicians the decisions about what drugs are covered through the ODB and put them into the hands of experts. We have a very rigorous process whereby each drug is looked at very carefully—is this good value for money and will this do what we need it to do, from a public health consideration?

I think it's the right process, but as our researchers come up with new drugs, new pharmaceuticals, we want to be in a position where we can offer them to people who rely on the Ontario drug benefit program for their

medications. We want to be able to expand that. In order to do that, we need to drive down the prices of some of the other drugs.

Mrs. Christine Elliott: Have you set a time frame for the completion of the review?

Hon. Deborah Matthews: No.

Mrs. Christine Elliott: Can you give us any kind of an idea in terms of time in general for the report?

Hon. Deborah Matthews: We're going to make sure we do it right. You will hear about it as soon as we're ready to move on it.

Mrs. Christine Elliott: Fair enough. Will you undertake to provide us with a copy as soon as it has been provided to you?

Hon. Deborah Matthews: Clearly, as soon as we're ready to move, you'll have access to the information that we can provide.

Mrs. Christine Elliott: Okay. There was one question that I was asked to ask you and it specifically relates to the H1N1 vaccine. Can you assure Ontarians that you're not intending to implement any strategies that would deny Ontario pharmacists the ability to receive and supply the H1N1 vaccine in particular?

Hon. Deborah Matthews: I can absolutely make that assurance. We are very committed to getting every Ontarian vaccinated, so that's a high priority—a very high priority—for us. Each of our public health units is looking after the distribution of the vaccine in their own communities. This is work that they're actually well-positioned to do, because we have a very effective seasonal vaccine strategy here in Ontario, so our public health units are used to the distribution of vaccine to the broader public, unlike some other jurisdictions.

We have a very well-organized, very well-planned delivery system of the H1N1 vaccine and we are doing everything we can to get the word out to people that it's safe and that it's important, not just for them, but for all of the people around them: for their family members, for their co-workers, for the people they work with every day and the people in their communities. So I will take this opportunity as a little plug, urging people to get the H1N1 vaccine. It's very important.

Mrs. Christine Elliott: Thank you.

I'd like to turn now to the 10-year strategic plan for health. In preparing for this committee, I happened to take a look at some of the questions that were asked by my predecessor, Mrs. Witmer, of your predecessor, Minister Smitherman, with respect to the completion of the 10-year strategic plan. It's far behind schedule. It was to have been delivered in 2008. Can you comment on when we can expect to see it, what the status is and when it will be released?

Hon. Deborah Matthews: I can tell you that as I have started to immerse myself in the information in this ministry, I think it's an area where clearly we have not delivered what we undertook to deliver. Having said that, we have very clearly laid out goals for our ministry, so we know where we're going moving forward: better access to care and shorter wait times—a particular focus on ER wait times right now, but not losing sight of wait

times for the other procedures that we are measuring and reporting publicly on. So I think we have the components of that strategy and we will continue to work toward that.

Mrs. Christine Elliott: Has the plan been finalized, then?

Hon. Deborah Matthews: No.

Mrs. Christine Elliott: Is there a time frame that you can commit to at this point?

Hon. Deborah Matthews: I think, as a new minister, it's important that I have input into that, so I will take time to make sure that the elements in that strategic plan are elements that I think are appropriate at this time in our economic reality.

I know that every day at question period we have questions about spending and we have questions about cutting. I think that the reality is that we have a very high deficit today. I don't think anybody will pretend that is not a deficit that we'll—a lot of work will have to go into bringing down that deficit over time. Health care being as big a ministry as it is, part of our strategic plan has to recognize the fiscal reality that we live in right now. At this stage of the game we are beginning to understand what that might mean.

Mrs. Christine Elliott: I guess in terms of our fiscal reality now, it's all the more important to accelerate the production of the strategic plan, given how important it is to the work of the LHINs, for example. The work that they do is contingent upon direction from the ministry. Under what direction are the LHINs functioning now if they don't have the strategic plan?

Hon. Deborah Matthews: The LHINs have very clear direction right now. Their highest priority is our ER/ALC strategy. LHINs are perfectly positioned to implement that strategy on the ground, because they have connections to all the various community agencies—the CCACs, Meals on Wheels, home support organizations. They really can at the community level, in a way that we could never do out of our ministry corporate offices, drive that collaboration that will result in people staying in their homes longer, to get the supports they need; to get the caregivers the support they need to keep people in their homes as long as possible, which will reduce the pressure on the hospitals.

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The LHINs have a critical role. They are all working very hard to deliver that collaborative approach that is essential for us to—we all need to work together to support people who are perhaps not quite able to look after themselves, who are thinking maybe the next step for them—and the next step soon—is into a long-term-care home. If we can keep people in their homes as long as possible, that will help the system and, of course, it's a much better quality of life for people. People want to stay at home as long as they can and we need to support people to be able to do that. So the LHINs are now absolutely focused on delivering the results in emergency room wait times and alternate levels of care.

Let me give you one little example of what a LHIN has done in my community. I apologize for using my community, but it's what I know best.

We now have a nurse in the emergency department at University Hospital in London. If someone comes into the emergency department and if there is a possibility that they could go home with the right supports, her job is to actually divert that person from admission into the hospital and into the right supports in the community. She has the ability to draw from a number of different organizations and supports that will really enhance the quality of life for that person and take pressure off the hospital.

What we had before the focus on local health integration was a number of different silos that weren't co-ordinated in their response to the individual. We talk about patient-centred care. I think the LHINs really understand how to deliver that patient-centred care. They do an evaluation of a particular patient, understand the array of supports that are available in the community—perhaps some volunteer supports, some paid supports, some family supports—and they provide the right constellation of supports for that person.

Mrs. Christine Elliott: Thank you. I'd like to just get back to the development of the plan itself. Can you tell me who is currently working on it? Besides your staff, are there any consultants being engaged with respect to this plan?

Hon. Deborah Matthews: Deputy?

Mr. Ron Sapsford: No. At the beginning of the process, to be clear, we secured several research papers, I'll call them, most of them from the academic community. There were small expenditures in order to support that, but the basic work of the development of the plan has been internal to the Ministry of Health and Long-Term Care.

Mrs. Christine Elliott: Would you be able to provide us with information relating to any consultants who were engaged with respect to the plan, Mr. Sapsford?

Mr. Ron Sapsford: Certainly.

Mrs. Christine Elliott: Thank you. And invoices as well?

Mr. Ron Sapsford: I can give you the details of what they were and the amounts that were paid.

Mrs. Christine Elliott: Thank you.

Mr. Ron Sapsford: As I said, I think almost all of them were related to academic research papers, but I'll provide the information.

Mrs. Christine Elliott: Okay, thank you. Do you anticipate, just given the work that's on the plan—I'm sorry to keep coming back to timelines. Do you anticipate that the plan will be released by the end of 2009?

Hon. Deborah Matthews: I can't commit to that, no.

Mrs. Christine Elliott: Is there anything specific that you know of that will result in the plan cutting services across the board in any particular area? Are you able to give us any indication of what's in the plan at the current time?

Hon. Deborah Matthews: I think you probably heard what the Premier had to say after the fall economic statement, that we are committed to health care in this province, that we are committed to increasing and im-

proving access to health care and health care services. We are not looking at cuts.

Mrs. Christine Elliott: Just going back to some of the comments that you made in your introductory comments, you did indicate that the implementation of some programs may take longer than anticipated, given the current economic climate. Can you comment, at this point, on which program implementations might be delayed?

Hon. Deborah Matthews: Yes, I think the commitment of 9,000 new nurses is one that we've been very transparent about. That is something that is going to take a little bit longer. We've made good progress—I forget the number of how many more nurses are working in the province today than six years ago—but that is one that will take a little bit longer.

Mrs. Christine Elliott: Are there any other areas that at this point you anticipate may take longer to implement?

Hon. Deborah Matthews: None that I'm thinking of right now, so I'll see if there are more that we've already committed to.

Mrs. Christine Elliott: In terms of some of the comments that you made with respect to long-term-care placements and so on, we are hearing increasingly of people almost being warehoused in hospitals because they can't find adequate long-term-care placements. I do agree with you that the aging at home strategy is preferable for many people, but can you tell us what plans, if any, there are to specifically address both of those situations in monetary terms, both in putting more money into the aging at home strategy and in terms of refurbishing and building new long-term-care placements?

Hon. Deborah Matthews: Yes, and I will turn to my deputy for the right numbers on this, but I think it's safe to say that again, prior to our election in 2003, there were virtually no new long-term-care beds being built—correct me if I'm wrong—in long-term-care homes. I believe we have approximately 7,000 new long-term-care beds, either under development or in construction now. Obviously, it takes time to go from the decision to move forward with that kind of aggressive expansion of long-term-care beds to the time the beds actually open, but we're in very good shape as we move forward to get those new long-term-care beds open.

The planning, frankly, had not been done. I'm a demographer; that's what I was before I was elected. I understand as well as anybody the increased demands on our health care system, including long-term care, as we move forward. Having the right services in place for people as they age across the province is a very high priority for me. You'll hear me talk about having a sustainable health care system. It's because I know we're going to have more and more people needing to access the health care system as our population ages.

We know that people are living longer, and at the end of their life they need more supports. We need to be there for them. So we're moving aggressively on building new long-term-care beds right across the province. We're also committed to refurbishing some of the accommodations

that frankly don't meet the needs of people today. We have all probably visited those kinds of homes in our communities and they simply aren't the kinds of places where we would feel comfortable placing our parents. So we are refurbishing, we are building new, we're investing significant amounts of money in it, and as we look forward, this is going to be an area where we're going to have to continue to focus.

The Chair (Mr. Garfield Dunlop): That really brings us to the end of the time for the official opposition. Thank you very much. We'll now move to the third party. Ms. Gélinas, go ahead.

M^{me} France Gélinas: Thank you. First, I want to—

Interruption.

The Chair (Mr. Garfield Dunlop): If I could ask everyone to speak up a little more than normal. We've had a constant construction program here all fall, and you can probably hear it out back right now. So speak as loud as you can, please. Thank you.

M^{me} France Gélinas: I can do that. Am I loud enough now?

The Chair (Mr. Garfield Dunlop): Yes.

M^{me} France Gélinas: All right.

I want to thank the minister. Thank you very much for your comments. I do realize that the Ministry of Health and Long-Term Care is huge. You haven't been there very long, but so far you've done very well.

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Hon. Deborah Matthews: Thank you.

M^{me} France Gélinas: Hang in there. It'll get easier. I do see a lot of helpers behind you, though, so if there are questions that you have not been briefed on, I would certainly be happy to hear their response, if that makes it easier for you.

I haven't got much political experience, but I do have 25 years' experience as a health care worker. I still believe that Ontario has an excellent health care system that tries really hard to meet the needs of everybody who comes to the system for help and for care. There is a huge amount of taxpayer dollars going to sustain the health care system—over \$40 billion of it. I'm not sure we're always getting the full value for our investment, so I agree with you that results should be measured in quality of care and improvement to people's health and not necessarily in how much we've invested.

But we are here today to talk about the investment that your ministry has made in a different part. Just to give you an idea, the part of the system that we will be asking for accountability and more details on will be primary care, long-term care, home care—I have to touch on hospitals, they're just so big—and hopefully les services en français through all of this.

I'd like to start with a line of questioning and basically get out of the way some of the questions that are presently in the media, just to get your opinion. You're a new minister. You came at a time when health care made the headlines for the wrong reasons—not for praising the high-quality care we offered in Ontario, but quite the opposite. So, just to see.

Ron, I'll start with a question that has to do with you—don't take it personally or anything; it was in the media. An example of a high-ranking civil servant being paid out of hospitals has come to light. It was on the front page of the paper, pretty hard to miss. Ron, your deputy minister, was an example that has been cited, and Hugh MacLeod, a policy advisor to the Premier, has also been mentioned.

My first question has to do with—I don't know if you've been briefed on this or not, but if you haven't, then so be it. Do you know how long it's been going on? Do you know how common it is? If we were to look down the ranks of the assistant deputy ministers as the—I see a whole bunch of top civil servants here on my list, heads of agencies etc. Do you know how often this practice is used, and your opinion of it?

Hon. Deborah Matthews: No, I don't know how many people, but we could certainly find that out. I'm sure you noticed that the Premier said that there will be a change in how these salaries are reported, so that now if someone like my deputy, for example, is paid through another organization, he will appear on the sunshine list in the ministry. I think that's an important step toward the transparency that we all acknowledge is the right thing to do.

M^{me} France Gélinas: I realize that you don't know how many. From my experience, it is quite common for heads of agencies within your ministry, who are funded by your ministry, to use this. I would be curious to have a little bit of an analysis from your ministry as to the reasons that motivate this. People always jump through bad intent—wanting to hide or get away with something or wanting to pay more than the salary grid. I would like to know, from the ministry's perspective, what has motivated this and to what extent. It's a good step to put it on the sunshine list, but if all we do is put it on the sunshine list, it doesn't change the numbers that are there and it still leaves the public with an idea that it was done with malicious intent until we give them the reason as to why the ministry is doing this. My experience is that it is quite common, not only with the top civil servants, but at agencies, boards and commissions, as well as your ministry. You will find that quite a few of them are paid outside of the ministry envelope through transfer payment agencies, mainly hospitals, but sometimes it's universities and sometimes it's other big transfer payment agencies of the government. Would you be willing to do that?

Hon. Deborah Matthews: Yes, I think that's something we can do. As I say, they would be on the sunshine list now. I suspect that not too many of them are paid under \$100,000 a year, so they would all appear on the sunshine list. That would be a pretty straightforward exercise.

Deputy, do you have anything to add to this?

Mr. Ron Sapsford: We can certainly prepare some information on the rationale.

In terms of the length of time, it's as long as I can remember, so that's going back 15, 20 years. The notion

of secondment in and out of the government is not a new notion by any stretch of the imagination. It tends to focus on health because of the subject matter involved and sometimes the knowledge and expertise required. But we can pull something together on that question.

M^{me} France Gélinas: Thank you.

Hon. Deborah Matthews: I believe that Michael Decter, who was the deputy in health under the NDP government, may have been the first.

This is a very large entity; as you say, a budget of over \$40 billion. We can do a better job if we do have some people coming in from, for example, the health care sector, from hospitals, from other places. I think the notion of secondment is a good idea for the health of the ministry.

We'll get you the information that you're looking for.

M^{me} France Gélinas: Okay, thank you. Another bit of information that made the headlines was the use of consultants by your ministry. I'd like to have a written—if you know it off the top of your head, I'll be impressed, but if you don't, I'd like to get it, as to how much the Ministry of Health and Long-Term Care paid for consultants last year and how much have you budgeted for consultants for next year, as well as the decision-making criteria as to, "Are we going to have this done in-house or are we going to hire a consultant to do a piece of work?" Do you know off the top of your head?

Hon. Deborah Matthews: I do not know off the top of my head; I'm sorry. We will get you the information that we can get to you.

I do want to make a comment, though, about the use of consultants generally. I think that we have seen an overdependence on the use of consultants, and I think what we've seen in eHealth is that we actually are able to significantly reduce the number of consultants. That's obviously the direction that we're going in, but I do think it's important to acknowledge that there is an important role for consultants. Sometimes, when it is a project where you don't have the expertise in-house, you do look outside to get that kind of project focus, or fresh eyes on a problem. So I think there's a very important role for consultants.

We've changed the procurement rules, so there will be no more sole-sourcing. I think that was an issue that people were concerned about. We're actively reducing the number of consultants, but I don't want anybody to leave here with the impression that consultants don't play a pretty valuable role in the ministry.

M^{me} France Gélinas: You've answered part of my question as to—

Hon. Deborah Matthews: When would we choose.

M^{me} France Gélinas: —what the decision-making criteria would be. You're going for expertise, you're going for fresh eyes. Would you also say that you get consultants when the civil service is overworked or just cannot handle any more?

Mr. Ron Sapsford: I think that's a reasonable comment. There are a variety of reasons for that. Sometimes it's specialized expertise that the ministry judges that it

doesn't have. In some cases, if there are special projects or additional workload added for a very specific purpose. In terms of the ministry's staff strength, we may focus on that as an individual project. In some cases, a piece of work needs to be done at a fairly rapid rate, so supplementing the work of ministry staff with some external expertise to do certain pieces of the work would be another case where we might look at external support.

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Oftentimes what people call consultants are nothing more than knowledgeable people in the health care system who can bring into the discussion of an issue or a policy discussion some specialized expertise and assistance. The notion of secondments that you raised earlier is often a type of consulting service, in my view; you're looking for specialized expertise to carry a piece of work forward. The use of the word "consultant" is sometimes broadened to mean anyone who isn't employed by the ministry, and I think it's important to differentiate between those uses. For instance, the previous question, did we use consultants for the strategic plan development? By definition, yes, we used external people who had expertise in certain areas of health care. Most of those, as I said, were in the academic community, and we paid an amount of money to get a piece of work done. Is that a consultant? Is that a piece of expertise from the health care system that we used to supplement the work of the ministry?

Those are some of the factors that go into those decisions. From my perspective, they're either related to a project that's been added to the workload or, more importantly, the kind of expertise we need to carry a piece of work forward.

M^{me} France Gélinas: With the view, again, of clearing the air of what happened before you were there, of the consultant contracts that happened last year, can I find out how many of them have been tendered and how many were untendered, with the total value of dollars that were spent? I've asked for just a little bit more detail about those and what they were for, in general terms.

Mr. Ron Sapsford: Yes. If you're asking for a detailed listing, that will take some time, but in terms of being able to categorize the sole-source versus tendered versus VOR and what the total contract values are and some description of the kind of work, yes, I can do that.

M^{me} France Gélinas: Okay, thank you. I would appreciate it.

Another one that kind of is still there and I would like it to go away is the consultant agencies that were involved with eHealth and the scandal surrounding it. Can we find out if any of those consultants presently have work with the Ministry of Health and Long-Term Care, how many contracts they have, what is the dollar value and if these people are still around?

Mr. Ron Sapsford: Well, if you could be a little more precise—

M^{me} France Gélinas: It's not very often you're speechless.

Mr. Ron Sapsford: Well, no. It's simply you've asked me the list of consultants that were involved in the scandal and—

M^{me} France Gélinas: No, let's just—

Mr. Ron Sapsford: You're asking me to draw that conclusion, and I can't do that.

M^{me} France Gélinas: To be fair, then, the people who were consultants and got contracts with eHealth in their last year of work, because the agency hasn't been there that long under that name. Of those consultants, are they working for you at the Ministry of Health right now? No judgment as to the quality of their work, just who they are.

Mr. Ron Sapsford: I would have to check. I want to be quite precise about that.

M^{me} France Gélinas: Sure.

Mr. Ron Sapsford: Any work related to eHealth, however, there may be a couple who are finishing in the ministry, but the bulk of those agreements were transferred to eHealth Ontario on April 1, 2009. As you've said, consultants who were working in the ministry on these projects are no longer working in the Ministry of Health. They were moved entirely to the eHealth agency. It's possible, and this is what I would have to check, that there may be other pieces of work unrelated to eHealth that they may be involved in, and that would be the verification that I would do. Is that clear?

M^{me} France Gélinas: This is what I would like to find out.

The other piece—I have no idea if we have access to this information, so fill me in. We'll start with the transfer payment agency, but I'm interested in agencies, boards and commissions. Transfer payment agencies funded by the Ministry of Health, do they report to you as to how much money and how many contracts they spend on consultants? Do you know this in the normal reporting that happens? Start with transfer payment agencies.

Mr. Ron Sapsford: No.

M^{me} France Gélinas: It's not something that you're interested in knowing or—

Mr. Ron Sapsford: In terms of transfer payment agencies, there is a whole series of guidelines about accountability and reporting requirements. Specific reporting of consultant agreements is not part of that framework, so it's not a normal and routine part of the reporting.

M^{me} France Gélinas: Would your answer also stand for boards and commissions?

Mr. Ron Sapsford: Yes. To my knowledge, again, the agency criteria do not specifically include that piece of reporting as to contracts that a specific agency has. That would be similar.

The requirements for agencies, of course, are more specific criteria about accountability mechanisms. The rules around procurement for agencies are dictated more directly by the government. For transfer payment agencies, there is less direct supervision of their procurement

policies, although there's always an expectation that best practices are used in transfer payment agencies as well.

M^{me} France Gélinas: Given what we know now, is this something that your ministry will look at asking in their accountability agreement so that we know either the amount of money that was spent on consultants or the number of consultants? Are you interested in knowing? I am; I want to know if you are.

The Chair (Mr. Garfield Dunlop): We've just got a couple of minutes left before we go to recess, okay?

M^{me} France Gélinas: I know.

Mr. Ron Sapsford: The transfer payment guidelines are corporate, so they're not only related to the Ministry of Health; they apply across the whole government. Reporting this kind of information I know is probably going to be under discussion, but at the moment it is not a requirement.

M^{me} France Gélinas: It's not a requirement. Would you consider asking for this?

Mr. Ron Sapsford: I think your question is more about transparency and public reporting. Whether or not I'm interested in seeing every single contract that's left by every single hospital and transfer payment agent—don't forget, we've got thousands of transfer payment agents across the whole government.

For me, reporting all that information to the ministry implies we do something with it. I think the intent of your question is that there should be some public transparency around that. Whether it's actually reported to the ministry for some kind of a review or monitoring or whether it's publicly reported so that there's more transparency would seem to me to be the issue that we would look at carefully.

M^{me} France Gélinas: I appreciated, Madam Minister, that when you opened, you did mention that there has been a reliance on consultants, and they do do good work, invaluable work in some instances, but we shouldn't be overdependent on them. I think the same would apply to a lot of your transfer payment agencies. It could be an intent that you share with them as well and make it available, maybe not necessarily in a reporting fashion, but at least having that information available would be a form of accountability for the taxpayers.

The Chair (Mr. Garfield Dunlop): Okay, that's what we can handle right now. We will recess at this point until after routine proceedings this afternoon.

Thank you very much, everyone. We'll see you later on.

The committee recessed from 1020 to 1600.

The Chair (Mr. Garfield Dunlop): Thank you very much, ladies and gentlemen. This afternoon I'd like to welcome back the minister and the staff of the Ministry of Health and Long-Term Care.

Mr. Khalil Ramal: Mr. Chair?

The Chair (Mr. Garfield Dunlop): Go ahead.

Mr. Khalil Ramal: Can I ask for unanimous consent to allow the chief medical officer to come forward and speak to the committee before Ms. Gélinas's 10 minutes—

The Chair (Mr. Garfield Dunlop): Yes, we understand that the minister has set aside her 30 minutes for now and the third party has set aside their remaining 10 minutes to let the chief medical officer of health answer questions. Do we have unanimous consent on that? Agreed? Okay.

We will start off with Ms. Elliott from the official opposition. You have 20 minutes so you can ask questions to the chief medical officer of health. Welcome, Dr. King.

Mrs. Christine Elliott: Thank you very much, Dr. King, for being here today to answer a few questions. I understand that you might want to take a few moments just to give us a brief statement about some issues that you're dealing with presently. If you'd like to start with that, by all means.

Dr. Arlene King: Yes, thank you very much. For those of you I haven't met, my name is Dr. Arlene King and I'm the chief medical officer of health for the province of Ontario. I thought you might be interested in an update on the H1N1 flu situation here in the province of Ontario.

First of all, influenza activity in the province due to H1N1 is continuing to increase. More people are visiting their health care providers with influenza-like illness and more people are being hospitalized with complications from the flu in Ontario. We believe that this in fact does mark the arrival of the second wave of H1N1 in the province, as we expected.

The H1N1 immunization campaign is currently underway across the province and, following last week's approval of a vaccine by the federal government, Ontario has received approximately 1.7 million doses of H1N1 vaccine. This supply has been allocated and shipped to public health units, enabling them to begin immunizing Ontarians this week.

We are continuing to get real-time information on the availability of the vaccine from the federal government as both the procurer and the regulator, as well as more information from GlaxoSmithKline. Ultimately, there will be enough vaccine for everyone who needs and wants it.

Yesterday, local public health units launched clinics across the province on the basis of local need, resources and logistics. This week, the vaccine is being offered to those who will benefit the most first. These include pregnant women; people 65 and under with chronic conditions; healthy children six months to under five years of age; health care workers; household contacts and care providers of persons at high risk who cannot be immunized or those whose immune system cannot develop a good level of protection from the vaccine; and people living in remote or isolated communities. Next week, assuming that we have enough vaccine, we intend to broaden the immunization program to others in Ontario.

I really want to encourage parents to get their school-aged children immunized against the H1N1 flu. As you know, this is a vulnerable group, and the circumstances in which children gather and their personal behaviours are

important predictors of transmission. So it is important that we address that population as soon as we can.

In fact, of course, I will strongly encourage everyone in this province to get a flu shot. To do that, we have launched print, radio and online advertising. We're using the media to get the word out that the vaccine is safe and the best way to protect ourselves, our families and everyone else around us.

As for our other activities, the ministry is actively generating guidance documents for a variety of health and non-health settings for the public with scientific and technical support coming from the Ontario Agency for Health Protection and Promotion, along with input from the public health field and medical experts in the province of Ontario.

We have distributed our stockpile of antivirals to community pharmacies to enable timely and equitable access to treatment within 48 hours. By the end of the week, all pharmacies will have some of the provincial supply. This includes a special pediatric Tamiflu formulation that will help mitigate some of the global issues related to the supply of the pediatric formulation.

The ministry is also enabling its four-week emergency stockpile of personal protective equipment and infection-control supplies to health care providers. In addition, due to growing H1N1 flu activity in the community, local planners are currently preparing for the establishment of flu centres to help offset the pressure on primary care and emergency departments from the growing number of flu patients and until more of the population can be immunized.

The ministry is continuing to procure supplies, equipment and services on an urgent basis to support the response to H1N1, and this includes needles and syringes to support the mass immunization efforts, additional ventilators to expand critical care capacity in hospitals, as well as distribution services to help manage the logistics of deploying the ministry's stockpile of antivirals to community pharmacies.

In terms of costs, approximately \$4.7 million was incurred during the initial response to H1N1 between April and June. However, we expect the total cost of the pandemic response will be in the several hundred-million-dollar range. We have communicated a range of \$450 million to \$650 million. However, this will depend largely on the costs of the immunization program, and with continued planning and response activities we will continue to refine these estimates on a regular basis.

Our estimates do not include expected increases in health care costs and costs incurred by health providers during a pandemic, such as public health units, health care providers through LHINs and claims to OHIP. They also do not account for recovery costs, such as replenishing ministry stockpiles.

It is difficult to estimate such costs ahead of time as they really do depend on the response required to address an evolving situation that is presented to us by this novel influenza virus. However, we are continuing to monitor and refine our estimates as the situation unfolds.

Recent negotiations with the federal government have resulted in an agreement on cost-sharing in two areas: the cost of vaccine procurement and the replacement of antiviral stockpiles. The federal government will contribute 60% of the cost for both items.

Thank you very much, Mr. Chair, for the opportunity to address the estimates committee.

The Chair (Mr. Garfield Dunlop): Thank you very much, Dr. King. I appreciate very much you coming out today at a time in your career that is probably one of the most pressure-cooker you could find.

Ms. Elliott, you can continue on with the questioning, if you will.

Mrs. Christine Elliott: Thank you again, Dr. King. I only have a few questions, really, several on pandemic preparedness. Do you have any concerns in any parts of Ontario with respect to our preparedness for the second wave of H1N1?

Dr. Arlene King: Well, one of the areas where the populations are quite vulnerable is in fact in our remote and isolated communities, and we're working very closely with Health Canada on that issue. Again, I think that everyone has really been mounting a good response to date, and the co-operation between the two levels of government has been particularly good.

That is one population, though, that we're concerned about and why we've mobilized an immunization program in the first priority groups against those who are residing in our remote and isolated communities. In fact, we uploaded vaccine to that area because of the distance, because it takes two or three days to get vaccine. So with our first shipment we actually provided a little more vaccine there. I think that's one area we'll be watching closely. As we know, there have been some challenges in some other parts of the country, and we are working closely with the First Nations communities and Health Canada to address that population.

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Mrs. Christine Elliott: Could you comment on the level of preparedness in some of the long-term-care facilities?

Dr. Arlene King: Yes. I think that Ontario is in a privileged position, in some ways, because we implemented 10 years ago a universal influenza immunization program. These facilities are particularly used to mounting an immunization campaign and they also are used to managing outbreaks. Interestingly, because this flu pandemic is a little bit different—it's affecting younger people more—we're not seeing outbreaks due to H1N1 in that facility. That being said, I am really quite confident that that area will be well managed because of the experience they have with managing regular seasonal flu.

Mrs. Christine Elliott: Are you satisfied that everything in the pandemic plan that should have been done has been done provincially?

Dr. Arlene King: Yes, and although this pandemic has been a little bit different than what we expected, we are using the pandemic plan as the basis of our response, both at a national level and at a provincial level. The

level of federal-provincial-territorial collaboration, I think, has been unprecedented. We meet several times a week, the different levels. So I would say, yes. Of course, there are always bumps and twists in the road; there are new things happening every day. But we've got a good, responsive system and a good relationship with health authorities. It's really important that we all work together as a team.

Mrs. Christine Elliott: Great. Just a couple of questions on a different topic: The next question is with respect to C. difficile and hospital infections. Do you see a need to be reporting deaths as well as infection rates?

Dr. Arlene King: Again, I think the reporting related to hospital infection control is something that we're continuing to look at and what some of the reporting parameters are. I have to say that we are looking at this on an ongoing basis. It's something that we will continue to look at, though I haven't had as much time to drill down into some of these other areas as I would have liked because I've been dealing primarily with H1N1. But I think it's an important point you're raising and one that we'll look at.

Mrs. Christine Elliott: Okay. I recognize that you are extremely busy right now.

On another topic, if I could ask about the health effects of wind turbines. Do you have any comment with respect to that, whether you have any concerns with respect to that issue or if you have any recommendations to make to us on that issue.

Dr. Arlene King: Yes. In fact, we have been having ongoing discussions with the Ontario Agency for Health Protection. I actually met with them earlier today about this issue. What we'll be doing, when time permits—and I have to say when time permits—is having a thorough discussion with all of the medical officers of health in this province about the existing information we have on any possible health effects related to wind turbines and determining whether any additional research needs to be done. I understand there's a research chair being established here in the province to address these kinds of issues. That will, in fact, enable us to do more research on this issue, but I would anticipate that shortly we will come forward—I can't give you a timeline on that because we're all very busy managing the H1N1 response—with a view on the issue of any possible health effects related to wind turbines and what further work needs to be done in this area.

Mrs. Christine Elliott: So at the moment you don't have a formal position—

Dr. Arlene King: No, we're still reviewing the situation and I'm discussing it with the Ontario agency.

Mrs. Christine Elliott: Do you think it's important that a view be determined before any further new construction of wind turbines happens? Are you concerned to that extent? How worried should we be about it?

Dr. Arlene King: Again, we are having further discussions on this area, and when I am ready to say more about this issue, we will do that. At this point, I really cannot say anything more about it.

Mrs. Christine Elliott: Okay.

Mr. Ted Chudleigh: What would you see as a time frame for that?

Dr. Arlene King: Realistically, it will probably be a couple of months, just in light of the fact that everybody in the province is completely preoccupied with trying to mount an H1N1 response. Resources are being, of course, diverted to address the H1N1 response. Again, realistically, we're looking at six to eight weeks, I think. We had a discussion about it this morning.

Mr. Ted Chudleigh: If I could go back to H1N1 for a moment, you mentioned that you're relying on the media to talk about the safety of the vaccine. I have concern in that area. A lot of the discussion—I think on the most-listened-to drive time show in the morning, there was a discussion on it. Initially, one said that he was not going to take it, and by the time they finished the discussion, he modified that to say he was going to think long and hard about it. It didn't give one a lot of confidence. Also, on CHCH News one evening, I heard some concern expressed about the safety of the H1N1 vaccine.

I know that when I took a microbiology course at university, it was by far the toughest course I ever took at university, and my grade reflected that toughness. I don't pretend to be an expert in that microbiology field, but I do understand that it would be very, very difficult for this vaccine not to be safe. I think I understand that much.

I wondered, since the media may not be doing the province and the vulnerable groups a favour in this area, if you had a follow-up plan for that.

Dr. Arlene King: Yes. I'm sorry if my statement led you to believe that we're asking the media to talk about this. As chief medical officers of health and medical officers of health, we are all really attempting to communicate as frequently as we can with the public around the safety of this vaccine.

I think the first point is that "fast track" does not mean "shortcut" in terms of the regulation of this product. I am really extremely confident in the work of our regulators at Health Canada. I worked with them for 10 years and I was the director general of immunization. I know this group well. They do an excellent job of managing; they are world renowned in terms of regulation of our vaccines. In addition to reviewing all of the clinical studies, every lot that comes off the assembly line is looked at for quality. That is one of the rate-limiting steps in terms of getting vaccine, but it's really important that that be done. So from the regulatory perspective, I have absolute confidence in our regulators.

I think one of the challenges is trying to counter some of the myths that prevail around immunization. This vaccine is safe; it's effective. In fact, the immunogenicity of this vaccine, meaning the ability of the vaccine to create a stronger immune response, is over 90%. With our regular seasonal vaccines, it's about 70%. This adjuvanted vaccine, with its immune-boosting component, enables a more robust response to the vaccine.

We have a robust post-marketing surveillance strategy in place as well because, of course, with a new vaccine,

there's only a limited amount of data you have before you release the product. Therefore, post-marketing surveillance will be a very important component of the safety monitoring program.

I think the challenge is communication. We have questions and answers that are available around the vaccine. We're using those as part of our informed consent process. There are very few contra-indications or reasons why people cannot be immunized—really, it's preceding severe allergic reactions to some component of the vaccine, which is extremely rare. There are a few others as well, but most people will be able to accept this, mount a good immune response and have a safe experience with it. Sore arms will be not infrequent with it, which they often are with vaccines. But besides sore arms and a bit of redness, by and large we expect this to be a safe product.

Mr. Ted Chudleigh: You mentioned as well that the range of the cost is somewhere between \$400 million, I think, and \$650 million. Is that solely dependent on the uptake?

Dr. Arlene King: No, it isn't. It's actually going to be largely dependent on how many doses we have to give. As you may know, we started out—

Mr. Ted Chudleigh: Wouldn't that be the uptake?

Dr. Arlene King: Yes, to a degree, although the clinics and the manpower will be there to deliver the product. It will be adjusted, of course, depending on what kind of demand there is.

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But the information on the number of doses is evolving, and initially we thought that we would probably have to administer two doses of product to everyone. We now know that people 10 and over will only need one, and it may be—so the chief public health officer of Canada tells us—that there are some emerging data to suggest that maybe we'll only need one dose in children, which will be good news. That is very preliminary, we don't know whether or not that will stand, but those are the kinds of issues that will predict the costs and the extent of the manpower that are required for our delivery strategy.

Mr. Ted Chudleigh: You also mentioned that the program is ongoing and will step up in the next couple of weeks—and I think you said if the serum's available. Is there some question as to the availability? Now that the program has rolled out, is there still some question about the availability of the—

Dr. Arlene King: Well, we are in real-time communication with GSK, who is our producer in Sainte-Foy, Quebec, and in real-time communication with Health Canada. We know how much we're going to be getting till the end of this week. Now, we understand that GSK is ramping up its production. They are just in the process of ramping up production. Their capacity is about three and a half million doses a week, but they're not there yet. So we will continue to monitor, and that's why I may sound a bit tentative about how quickly we can deliver this

product. But it's all going to be dependent really on how much we get and how fast.

The Chair (Mr. Garfield Dunlop): Thank you very much, Dr. King. Now we go to the third party. Ms. Gélinas.

M^{me} France Gélinas: My first question is, what is your target percentage of people you want vaccinated? If you had it all, how many would you like?

Dr. Arlene King: We'd like at least 75% of the population. Just to give you some context in terms of planning, Ontario has a universal program and we get less than 50% of the population, and in some populations considerably less than that. We believe that 75% is a realistic goal and we've planned for that kind of uptake.

M^{me} France Gélinas: I have full confidence in our public health units to rise up to the challenge and vaccinate 75% of their target area. How confident are you?

Dr. Arlene King: That we'll get 75%?

M^{me} France Gélinas: And that every health unit will rise to the challenge.

Dr. Arlene King: Every health unit in this province will rise to the challenge; I have no doubts about that. The issue is the public perception of risk, both related to the disease and related to the vaccine. That's why we need to be communicating with the public in real-time terms and reinforcing the messages that were asked by the other MPP around safety, as an example, and also communicating whether or not there's any evolving epidemiology, any changes in the virus, any changes in the epidemiologic situation in the province, and continue to remind Ontarians that this disease is present and that the best defence is immunization.

M^{me} France Gélinas: Do you have kind of a backup plan or a plan B? What if those efforts you've just mentioned lead to 50% or 52%, kind of a wide margin from 75% on the low side—way less than 75%? What if we reach 50%, what if we reach 60%? What's your backup plan?

Dr. Arlene King: I think that the initial launch has been quite positive. We've had good public demand so far. We will continue to evaluate our delivery strategies with our health units.

We're sharing best practices already. For instance, one of the medical officers of health has actually developed a script for families with babies under six months, what we say to each and every one of those families with babies under six months to protect them because babies under six months cannot be immunized. So we are encouraging, of course, those who care for and who are around babies under six months to be immunized.

That's the kind of best practice that we're sharing across the province to try to reach those target groups that are most vulnerable right now and we'll continue to do that. Again, we hope that we can get higher than we do with seasonal flu vaccine, and that's going to be dependent on being responsive to some of the communication challenges that are present to us.

The other issue that we're facing, of course, is there's always emerging information, some of which is helpful, some of it is not helpful and some of it is harmful. We have to constantly be evaluating what impact this has and then addressing that in real time. It's not an easy job; it's a full time job, but we're doing our best.

M^{me} France Gélinas: You've talked about being ready to roll out flu centres so that we take some of the pressure off the primary care sector etc. How can the public who sees this—we hear the second wave is here, we hear in the media—whenever there's a case lately, it seems to make the front page. Can you tell me how you measure success? "We will have been successful in addressing the H1N1 if"—and this is where you come in.

Dr. Arlene King: That's a really good question and, of course, we are monitoring our disease rates. There are all these different parameters that we are monitoring. Of course, we will be monitoring our vaccine utilization and uptake rates, monitoring how our health care facilities are coping in real time, determining what our case rates are relative to other parts of the country and other parts of the world. Ontario is doing well so far.

I want to be a little bit anecdotal. I think that during the first wave, with our remote and isolated communities, we were very proactive with getting what they needed to address their concerns, and we had no intensive care unit admissions and no deaths in those communities. We would like, to the degree possible—of course the ultimate outcome is minimizing illness and death as a result of this and I think that's how we'll be comparing ourselves as we go forward, ultimately. It's the population-based impact, so I'm watching that very carefully and that's why we're adjusting our strategies where we can conceivably adjust them to address an evolving situation.

M^{me} France Gélinas: Except for the vaccination rate, which you have set at hopefully 75%, which is a target that you feel your public health units, all 36 of them, are going to give it their best—I feel like you. They'll rise to the challenge and make us proud. Except for that one hard datum, the rest of the way we define success is always moving, and basically will we define success if we do better than Quebec and Manitoba?

Dr. Arlene King: Again, it's hard to know what the comparator is; it's a pandemic. In terms of what disease rates we might expect with a pandemic, we don't know. We will be able to do some modelling after the fact, though, about what we might have expected had we not done what we did. This is always one of the challenges with public health: When you don't have an impact, nobody is too concerned about it. So we will do our best to try to determine what we would have seen had we not mounted the robust response that we had mounted.

M^{me} France Gélinas: But we cannot go out to the public and say that Ontario's chief medical officer of health feels confident that there won't be more than X amount of people infected, there won't be more than X amount of people admitted into hospital, there won't be more than X amount of deaths or other—

Dr. Arlene King: No. In an evolving situation with an evolving virus, I think it would be imprudent and unrealistic to expect that I could do that.

I want to be very clear about the 75%. We've ordered enough vaccine for anyone who wants and needs it, and that is 75% of the population. If we get that, I will be extremely pleased, based on our uptake with seasonal flu. But we felt that was a realistic amount of vaccine to order based on our experience with the universal program here in this province. Frankly, the other jurisdictions were looking to us and said, "When we were trying to make a decision in a context of global shortages of vaccine"—I mean, there are many countries in this world that will be lucky to get any and Canada has enough to immunize everyone who needs and wants it. In trying to make a decision about how much we should order, we felt that a 75% target was a reasonable one. We ordered 19.5 million doses, but that will be adjusted based on the number of doses that we will need to immunize 75% of the population. That will be a downward projection because we're not going to need to give everyone two doses. We're trying, again, to achieve this balance of how much we should keep to protect Canadians and the people of Ontario and how much we let go to make sure other people have an opportunity to be immunized.

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M^{me} France G  linas: You've talked about the cost of all this. Do we know how much one vaccine costs us?

Dr. Arlene King: Yes. We're paying about \$8 a dose for the adjuvanted vaccine. The new, unadjuvanted vaccine that was just approved for use by Health Canada is going to cost us about \$12.74 a dose. I think that's what we were told today. It's coming from Australia. I think we will pay about \$8 a dose; it might be a little less for the unadjuvanted vaccine that we're getting from GlaxoSmithKline, the additional vaccine for pregnant women. Then, there are delivery costs. The delivery costs, again, vary depending on settings. They're somewhere between \$8 and \$20, depending on what the setting is. So actually, the cost of the delivery is as much or more than the cost of the vaccine itself.

M^{me} France G  linas: Okay. You've talked about between \$450 million and \$650 million. I'm kind of strong in math, and eight times 1.7 million doesn't come anywhere near \$450 million or \$650 million. What is the rest of the money being planned for?

Dr. Arlene King: This is all part of the overall pandemic response including antivirals and the infrastructure that is required to deliver all of that. I think it might be best if, perhaps, we provide, when we can, a breakdown of what the costs are specifically related to those estimates. They are a little bit of a moving target, as I said, depending on how we're going to have to tailor our response to the outbreak.

M^{me} France G  linas: Originally we had an estimate for 2009-10 at \$752,331,000. The Legislative Assembly just approved an extra \$650 million, which we're all under the impression is to help with H1N1. Are we correct in this assumption that, if H1N1 goes away really

quickly and we do a really good job of it all, it wouldn't be \$650 million, it wouldn't be \$450 million? Because \$8 or \$12 times two million is a long way away from \$650 million.

Mr. Ron Sapsford: Yes, the estimate was an "up to." I think, as Dr. King has indicated, there are a number of variables that affect the uptake: two doses versus one. Included in that as well are costs related to the provision of the delivery: syringes and needles; the issues around flu centres that were referred to; in certain communities, if flu centres are set up, then the costs associated with that as well. The estimate was based on all aspects of the campaign, not just the vaccine. Your assumption is correct: If the extent of the outbreak is relatively mild, if there aren't a lot of additional costs in the management of it, then that actual number will drop over a period of time.

M^{me} France G  linas: Can you share with us what the \$650 million was made up of—to request that particular number rather than any other one?

Mr. Ron Sapsford: I see no reason not to.

M^{me} France G  linas: Okay. I'd appreciate it.

If I have a little bit of time, I would like to talk about public health units. The first one is the Ontario Agency for Health Protection and Promotion. That's fairly new. Is it up and running and how is it going?

Dr. Arlene King: I think it's been going very well. They are forming the backbone of the provision of scientific information to me and to the ministry. We have a scientific response team. They are composed of some agency people but also public health unit staff and other medical experts we bring in, depending on what the subject is. I think it's fair to say they would have liked a little more ramp-up time. They have been, largely, like all of us, dealing with H1N1-related issues. That being said, though, I think this provides us with a lot of learning in terms of the relationship between the Ontario agency and ourselves in terms of the interplay of provision of scientific and technical information in the process of development of public policy.

M^{me} France G  linas: Whenever I hear we need lots of technical and lots of advice, I kind of hear those little words that say, "And we hire a lot of consultants." Can you give us a breakdown as to how many consultants have been hired by the Ontario agency for public health versus staff being brought in to give you and all of us that advice?

Dr. Arlene King: I can't say definitively that the agency has not hired any consultants, but I will tell you that as far as I know, the advice is coming from agency staff, others from the public health field, and then medical staff who are within the community as well who are contributing to the scientific response. Again, I can't claim definitively that the Ontario agency is not hiring any consultants, but the folks I'm interplaying with are people who work for the agency or with the health units, and they are providing generously of their time to provide me with the best scientific advice I can get so that we can make good public policy decisions.

M^{me} France Gélinas: Okay. Maybe, Mr. Sapsford, you could look into that and give me a breakdown as to—

Mr. Ron Sapsford: I'll endeavour to do that, yes.

M^{me} France Gélinas: Okay. Thank you.

One picky question here: The government has frozen funding for the Healthy Babies, Healthy Children mandatory program for two years. I just wanted to know, did that result in any layoffs in the health units, specifically in nursing, and how is this program meeting demand?

Dr. Arlene King: I don't know the answer to that, but it's something that I think we can probably get. I'm afraid I just don't know the answer.

Hon. Deborah Matthews: It's in a different ministry.

M^{me} France Gélinas: It's in a different ministry? Okay. You're responsible for the public health units, though?

Dr. Arlene King: I, as the chief medical officer of health, work with and provide leadership to medical officers of health in this province. I work closely with the Ministry of Health Promotion, and I have a reporting relationship to the Deputy Minister of Health Promotion as well. So we work closely. I also have an associate medical officer of health who works exclusively with the Ministry of Health Promotion, yes.

M^{me} France Gélinas: Okay. Then you may not be the right person to ask this next question, and if you're not, just let me know and I'll ask later on. I want to know about Panorama, the electronic—let me get the right terms. You know what I'm talking about?

Mr. Ron Sapsford: Yes, certainly.

M^{me} France Gélinas: Okay. The complaints we get from the field are really that Panorama has a hard time connecting with anybody outside of the public health unit; that is, if a primary care agency sends a lab test that can only be done with the health unit, they cannot get those tests back out. Has anything been done to remedy this issue?

Mr. Ron Sapsford: Well, Panorama is not yet up and running in all health units, so the preliminary was a system called IPHIS. I forget the name of it.

M^{me} France Gélinas: Yes.

Mr. Ron Sapsford: I think the comment you're making is probably with respect to that. Panorama is the new program which also extends the application of it to include immunization management, which IPHIS does not do. IPHIS is focused mostly on disease surveillance. So the management of vaccine inventory, response during a pandemic and immunization records are the new pieces of the puzzle that are being added.

It's not up and running yet. The intention is that it would be integrated, however. The importance of information from Panorama being delivered through the electronic health record to physicians as they are doing their primary care is an important concept. So the problems—well, not problems. IPHIS was never designed to do all those things. But certainly the approach or the thinking with Panorama is that it will address that in the future.

M^{me} France Gélinas: If Panorama is not operating in all 36 health units, does that mean that the H1N1 vaccine is not being tracked by that?

Mr. Ron Sapsford: There is an adjustment being made to allow the tracking as we're going through the second wave, but that's in relation to the existing program as opposed to the Panorama implementation. So we've had to be very careful. I think the advice from medical officers is that we need a better way to track the immunization records, and that piece of software is being put into place now.

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The Chair (Mr. Garfield Dunlop): There's time for another question, Ms. Gélinas. There are two minutes left in this round.

M^{me} France Gélinas: I have many more, but I'll stick with Panorama for now. How many health units have Panorama operating, and are you telling me that once Panorama is there, it will be compatible with some of the existing electronic health records within our primary care providers?

Mr. Ron Sapsford: That's the goal, yes. Panorama is still in the development stage. It may be in one or two health units for testing—

M^{me} France Gélinas: Oh, that's all?

Mr. Ron Sapsford: Yes. The implementation was not expected until 2010. Because we're in the midst of a second wave, there was a decision taken that we needed to make some efforts to create software as an extension of IPHIS—it's the best way that I can describe it to you—that would allow for the tracking of individuals who are immunized. When Panorama is implemented, though, it's being designed from the perspective of being integrated into the broader electronic health record process.

M^{me} France Gélinas: Okay. Thank you, and good luck to you, Dr. King.

Dr. Arlene King: Thank you.

The Chair (Mr. Garfield Dunlop): Thank you very much to the third party. We'll now move over to the government members. You have 20 minutes for questions.

Mr. Jim Brownell: Certainly as a government member, I welcome you to the committee this afternoon. As you expressed all the views and comments on H1N1 here this afternoon, I thought to myself, "I wouldn't want your job for all the tea in China." But I want to commend and compliment you on the good work that you're doing.

Mrs. Elliott and Ms. Gélinas talked about the communications and the media and whatnot. I had two questions. One relates to the media confusion that has taken place in the last little while, as we get to the situation that we're into a pandemic. I'd like you to spend a little more time telling us what the government has done to communicate and why they've landed on those communication methods and methodology for doing that.

People in my riding, for example—I come from Cornwall, and I've heard people there say that they have read two different newspapers and gotten conflicting reports on a certain aspect of the pandemic. Could you

give us a little more detail on the communications part of this as you expressed it to the province?

Dr. Arlene King: Thank you very much for the question. The initial priming of the population was brochures that were delivered to every household to talk about H1N1 flu and why it was going to be a different flu season. The next major communications strategy related to the sequencing of our seasonal and our H1N1 immunization programs. Again, for complete clarity, in October we started delivering vaccine to people over 65 and people in long-term-care facilities. We expected and planned for moving into our H1N1 immunization program in November and then finishing up with our seasonal campaign. That information was disseminated, again, to every household.

Right now, I am in the process of doing a lot of recording of radio and TV spots to promote immunization, particularly now that we're in the H1N1 phase. There are newspaper advertisements going into place to encourage people to receive the flu shot and to try to address some of the myths that people might have around the flu vaccine.

Those are examples of some of the concrete bits. We are doing planned media events at least once a week. This week there have been more, depending on the evolving situation. I did one earlier today with Toronto Public Health to address the concerns related to recent deaths in young people in the province. So it's a combination of planned proactive and reactive.

I am the primary spokesperson for the government, and of course we work hard to talk to the other scientists who are out there providing comment as well, because we don't want to confuse the population right now. Scientists and physicians sometimes are a little hard to rein in in terms of trying to get common messaging on issues, but I think everyone is understanding the importance of trying to provide common messaging, so these are some of the strategies that we are engaging in.

I don't know, Kevin, if there's anything else that is worthy of mention, but those are some of the key elements of our communications strategy. Kevin can elaborate. He's the director of communications here in the ministry.

Mr. Kevin Finnerty: Yes, I'm Kevin Finnerty. I'm the executive director of the communications and information branch.

As Dr. King said, our advertising began in the spring with print, radio and online, with preventive messages for the Ontario population on all the basic things they need to do to prevent H1N1. That was then followed up in the beginning of September when we did send a householder to every house in Ontario. We also had several weeks of television advertising that accompanied that householder. We've talked about federal-provincial-territorial co-operation. That television ad was shared with the federal government and was then broadcast across the country for another four weeks. It's now being used on all the airlines across the country. So that has worked very well.

We just, over the weekend, launched another \$3-million campaign which has print advertising, radio and online, as Dr. King said; it features her quite prominently. Really, the message of that advertising is: "Go to our website to find out where to get the vaccine"; you can also find information on the vaccine itself and the safety information and the positive impacts it can have in terms of getting the vaccine for your health. We will then follow that up with television advertising later on in November, which will be a very strong push to get people to go to our website and to find out where they can get information on the vaccine availability in their local community.

So we do acknowledge there has been a lot of information in the media. Our challenge is to drive our message out consistently. We've done it at the provincial level and have great co-operation at the federal level as well to do that.

Mr. Jim Brownell: Okay; good. I'd like to switch now to wind farms. I, too, have a question. I'm just wondering, Dr. King, if you could confirm that the ministry did a literature review and found no scientific evidence to demonstrate a causal association between turbine noise and adverse health effects.

Dr. Arlene King: Yes, in terms of the existing literature right now, we have not found an association between adverse health effects and wind turbines. We're continuing, again, to review that information, as I said earlier, and determine where there may be any gaps in the literature that exist in order to be able to develop a common view among myself and all of my medical officer of health colleagues across our province.

Mr. Jim Brownell: Thank you.

The Chair (Mr. Garfield Dunlop): Mr. Ramal?

Mr. Khalil Ramal: Thank you, Dr. King, for coming forward to address our committee and also answer our questions.

I was talking earlier with my office in London, and one of my staff asked me if I'm going to take the vaccine. She's pregnant; she's worried about it; she's concerned. Can you tell her if you advise pregnant females across the province of Ontario—or people with certain medical issues shouldn't take that vaccine?

Dr. Arlene King: Pregnant women are in our first tranche of those to whom we are offering the vaccine because they are at high risk of complications. Pregnant women should all be immunized. Right now, we are recommending, with the adjuvanted vaccine, that any pregnant women over 20 weeks gestation and any pregnant women—period—with any kind of pre-existing health condition speak to their provider about receiving the currently available adjuvanted vaccine, and that women who are under 20 weeks gestation who are completely well receive the unadjuvanted vaccine that will be available next week. That is not to say that they cannot receive the adjuvanted vaccine. The vaccine is licensed for everybody, including all pregnant women, but because there is really very little safety data in pregnant women, particularly in the early part of pregnancy, we

would suggest that the unadjuvanted vaccine would be preferred. We now know we are getting that early next week. So that is the advice we are giving to pregnant women.

Mr. Khalil Ramal: Okay. I heard some advertisement asking every person across the province of Ontario to take the vaccine. If a person feels well, excellent, in good health, in good shape, why, in your opinion, do they have to take it?

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Dr. Arlene King: Everyone should be immunized against the flu to protect themselves, to protect those around them and to protect their communities. It's absolutely critical, and we are strongly recommending that everyone in the group that we're offering vaccine to this week get it. We are also recommending that, when we roll out the general program, everyone be immunized. It is absolutely critical. It is the best and it is the safest way of protecting yourself against the flu.

The Chair (Mr. Garfield Dunlop): Mr. Delaney.

Mr. Bob Delaney: I'd like to ask about the H1N1 vaccine and the seasonal flu vaccine. People have asked me about taking the two of them, and I've said that everything I've read says that you should get both vaccinations. Can you tell me a little bit about whether or not there's any recommended time between taking one and taking the other, whether there are any peculiarities between individual groups, be they young, pregnant women, seniors? Could you talk to me a little bit about synchronizing it so that people get the maximum benefit? If there are any instances of who shouldn't take both shots, what would they be?

Dr. Arlene King: We just finished reviewing all of the science, and the statement on the use of the H1N1 vaccine has just been published. The statement from a national level on the seasonal flu, if it's not up, it will be imminently. Both vaccines can be administered at the same time. If they aren't administered at the same time, we are not changing the delivery of our programs to be able to do that. We feel that logistically it is best that we concentrate right now on our H1N1 program, but both vaccines can be given at once. For those people, for instance, who are going south for the winter, they can receive both vaccines at the same time. Those who are travelling to the Hajj—I'm giving you some examples—require both seasonal and H1N1 vaccine, and can receive vaccine at the same time. There is no minimum interval between the two vaccines; one could receive H1N1 vaccine and conceivably receive seasonal flu vaccine tomorrow.

That all being said, we do have a program delivery strategy that I've outlined, which is, right now, people over 65 and people residing in long-term-care facilities. Also right now, because we've moved up our H1N1 program by a week, the H1N1 program going back to seasonal, we're trying to consider three issues as we roll out our program. One is the logistical issues of dealing with a complex vaccine. The second is, what's the threat of the day? It's H1N1; 99% of our viruses right now are

H1N1. We are seeing almost no seasonal flu; that's why the decision to delay the seasonal flu vaccine administration. Those are really the primary considerations at this point in time.

Mr. Bob Delaney: When typically do you see the peak of instances of the seasonal flu?

Dr. Arlene King: When?

Mr. Bob Delaney: At what point during the year, or does it matter or vary?

Dr. Arlene King: This is a pandemic, and we don't know when and if we are going to see seasonal flu. There has been a little bit, a few detections of seasonal flu viruses. In much of the world, though, when the pandemic virus has moved in, it has completely displaced the seasonal flu viruses. When we start seeing seasonal flu again is really anyone's guess. I will tell you, though, that, interestingly, China is seeing a mix of both right now, but most other parts of the world are seeing, pretty well predominantly, the H1N1 flu. We don't know why this occurs entirely, why when we have a pandemic, and this has been seen in previous pandemics, that virus displaces the other seasonal viruses. But we need to be prepared to continue with implementation of our seasonal flu program.

We're not stationary creatures as well. People in this province move around a lot, and we don't know what bugs are necessarily circulating in the place where they're going as well. So we're offering both programs in the best way possible.

Mr. Bob Delaney: Okay, that actually is very helpful. A lot of what I had been reading about a month ago came from US sources, and some of the things that you're saying are making it unique to Ontario.

When people are speaking with me and they say, "Well, I'm just going to get the H1N1," I should be encouraging them to, "Get your H1N1 and also get your seasonal flu shot, and it doesn't really matter what order you get them in; it doesn't matter whether you're getting them at the same time." What I have been telling people is that my understanding is that when they closed off what the specs were for the seasonal flu vaccine earlier this year, they hadn't yet isolated the elements of the H1N1 virus and as such, it wasn't incorporated in the seasonal flu vaccine, and the seasonal flu vaccine as a result doesn't inoculate you against H1N1. Are my assumptions correct so far?

Dr. Arlene King: That's absolutely correct. The decisions on what goes into the seasonal flu vaccine are made in February at the WHO and the recommendations are given to manufacturers in February. This virus didn't emerge until mid-April, unfortunately, so there wasn't an opportunity to include the H1N1 killed virus into the seasonal flu shot, and that's why we're administering two.

Stay tuned: My guess would be that next flu season, this H1N1 virus will be incorporated into the seasonal flu vaccine.

Mr. Bob Delaney: I'm actually very interested in this because one of my constituents is Hoffmann-La Roche, whom I gather make the H1N1 vaccine. Is that correct?

Dr. Arlene King: No. Hoffmann-La Roche makes Tamiflu and GlaxoSmithKline makes our vaccine in this country.

Mr. Bob Delaney: That's fine, they're constituents too. Not for nothing do they call the riding of Mississauga a pill hill.

Does anybody else have any other questions? Chair, I think the government rests its case.

The Acting Chair (Mr. John O'Toole): I'd like to thank the chief medical officer of health for Ontario. It was very informative and educational. Keep up the good work educating the public.

With that, we're going to resume the rotation with Madame Gélinas. You have 10 minutes for your first question.

M^{me} France Gélinas: I think I had about 10 minutes left in my opening line of questions that were not focused, so I will continue to be all over the front page of the paper. I think my last question had to do with contracts paid to a consultant within the Ministry of Health, and you had agreed to look through and bring back some figures so that we have an idea.

My next line has to do with how much of the \$40 billion-plus actually makes its way to people delivering hands-on care versus how much of it is used for leadership, governance and other activities. I understand that with the LHINs, the Ministry of Health is now the steward and your role is to set the broad policy; the LHINs are there to really plan at the local level. Since we've had the LHINs, has the amount of money that is spent at the Ministry of Health changed, as in within the civil service, and where does it sit at right now?

Mr. Ron Sapsford: When local health integration networks were put into place, the business case, if you will, that was made around them was that the increases in local health integration network staff would be offset by reductions in staffing that came from the closure of district health councils. If you remember back, we had district health councils across the province. Given that part of the role of local health integration networks is planning at the local level, those numbers were incorporated. Then on top of that, there was the agreement to close the regional offices of the Ministry of Health, which also played a local role with providers. So between all those changes, there was a full offset in total staffing that saw the creation of local health integration networks.

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To the question about—

M^{me} France Gélinas: Did you track the money? Could you tell me, in the last year of operation of the DHCs, how much they cost in the last year of full operation of the district offices? Can we see the savings someplace at the Ministry of Health level? I guess you could give me also how much we spent on the LHINs this year.

Mr. Ron Sapsford: Bearing in mind that we're going back to 2006 to look at costs, I suppose we could do that. But what I'm trying to say to you is that in terms of staff numbers, there were full offsets from the creation of

LHINs and the closure of both ministry programs and services, as well as district health councils. I don't think we've done an actual direct comparison after that fact.

M^{me} France Gélinas: Okay. Also, some of the planning activities that used to be done at the ministry are not supposed to be done at the ministry anymore with your new stewardship role; they're supposed to be done at the LHIN level. Wouldn't that mean there would be savings with the civil service that works for the Ministry of Health, given that you don't have those tasks anymore, but we do have separate structures with those responsibilities, and I'm guessing the budget to pay for them?

Mr. Ron Sapsford: Yes, that's right. The implementation of local health integration networks dealt with the local related issues and local planning issues, as you've said. But part of this change as well is about changes in the Ministry of Health itself. As the decision-making was delegated to local health integration networks about more current operational, where the ministry changed its focus was to look at longer-term policy options and creating a much better skill base in the ministry for things like funding models and allocation mechanisms, shifting from our current formulation of funding to looking at other practices.

It's not simply that the ministry stopped doing it; there was also recognition that there were some functions that the ministry had to increase in strength. So rather than a total offset, we've redirected some ministry resources to those new functions, and that was also part of the change in the model and role of the ministry. It's part of the stewardship model, as well.

M^{me} France Gélinas: Okay. Let me rephrase it, then. This new model with LHINs, with the new responsibility at the Ministry of Health—how I can see how much or less this model costs us is what I'm interested in. I'm interested in knowing if we now spend more on the planning, the stewardship than we did before we had the LHIN structure—and did we track that? Am I the only one interested in this?

Mr. Ron Sapsford: No, you're not. But you're asking me to do a zero-sum calculation. What I'm trying to indicate is, when they were created, the staffing offset, which is a direct indication of the costs associated with it, was netted out. I'm confident to say that the resources at that point in time—the case was made that there was an offset from the changes I've made.

Your question is, then, is it the same today? And I'd have to say no, it isn't, because from that point forward there had been other changes, other demands and other thinking about the role of the ministry and the role of LHINs.

We could go back in time and show the increments, and the estimates will show year over year where ministry expenditures have increased and where LHIN expenditures have increased. That information is contained in the estimates. But a calculation forward in time from 2006, when they were implemented, has not been made.

M^{me} France Gélinas: And I would say that when the district health councils closed and the LHINs were first

created and the regional offices eventually closed, the number of staff, for the ones that I know, anyway, was pretty much equal. Now the LHINs have grown to be way bigger than what district health councils ever were—the ones that I deal with, anyway. Although it is an estimate, I have not been able to follow this money through to see the difference. I'm interested in the new model. Does that mean we spend potentially more on the civil service and the planning facilities at the LHINs and the ministry versus what can be transferred to transfer payment agencies that provide care?

Mr. Ron Sapsford: The question about transfer payment versus administrative overhead, year over year over year, is weighted toward providing service to people. Our administrative overheads are kept to a minimum. The challenge for the ministry every year is to absorb as much cost as possible into our existing expenditures. So you will not see increases in ministry staff advancing at the rate that the transfer payment increases. That's very clear.

The question you raised about numbers of staff—in the district health councils, I think we had 26, if I think back, and in LHINs we have 14. You said more staff per LHIN, and that's probably true, but if you look at the overall numbers, you would see, between the staff the ministry used to have and the DHC staff, that much of the allocation to LHINs was based on those numbers. In total, there was not a large increase in the number of staff in LHINs.

The Acting Chair (Mr. John O'Toole): Less than one minute.

M^{me} France Gélinas: My, that goes by fast. My last question was about eHealth. The question is simple. I want to put eHealth behind, but I still want an electronic health record. How long before we can have a new target date for an electronic health record? If you have the date, share it. If you don't, what's the process to get a new date?

Mr. Ron Sapsford: The current strategy is that between 2009 and 2012 is the first phase of that. The strategy focuses on diabetes as the population around which the electronic health record will be designed. In order to do that appropriately, one needs to integrate drug system information, laboratory information as well as other clinical information. The strategy is to implement that first and the components associated with it, and then, post-2012—or perhaps before—begin to broaden the application to broader groups in the population until ultimately the whole population is—

The Acting Chair (Mr. John O'Toole): Thank you very much. I'm sure the minister can conclude. Thank you, Ms. Gélinas.

Minister, you have up to 30 minutes to use as you wish.

Hon. Deborah Matthews: Thank you very much. I appreciate it.

Let me just add to the last question for a moment. I don't think we'll ever get to the point where we're done eHealth because, as technology improves, we will always

be trying to enhance what it is we do. I wanted to make that comment.

What I wanted to spend my 30 minutes on is—I'm going to do something a little bit different. I want to talk about the transparency in our health care system in Ontario now. I want to also talk about an issue that came up a little bit earlier about how we measure our progress. How do we know things are getting better, or not better? How do we measure it and how do we communicate that to people? Earlier, we talked about how you can't really measure improvement by how much more money you spend. We actually want to see tangible results.

If you could turn your attention to one of the screens—I would have preferred to do this, actually, using the Internet, but what we've got are some screen shots that will demonstrate the information that is available to the public and the province.

Part of our eHealth strategy is better availability of information. Our approach in health care has been that we need to set clear targets. We need to measure our progress and we need to really drive home the results to know how far we've come and where we need to do better.

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The public can go to a website—it's ontario.ca/health—and they will come up to a screen like that. The first item I want to really talk about is patient safety. This is an issue that came up earlier today.

I can tell you that Ontario was recognized as a leader in patient safety. We publicly report more patient safety indicators than any other jurisdiction in North America. As a leader, we've worked with experts in the field of infection, prevention and control to define what measures to report and identify what supports are needed to help hospitals lower their rates of infection and provide safer care.

I know you can't see this very clearly. I see some of you have laptops. Maybe you can follow this on your laptop. We have developed a three-pronged strategy for public reporting, creating a public health agency that gives us expert advice on patient safety and then spreading those best practices and creating resources to help hospitals lower infection rates and manage outbreaks.

When a member of the public goes to our website and clicks "patient safety"—I will follow along on my slides here—they will come to a screen that looks like that, that lists the hospital infections that we track. We started tracking *C. difficile* in September 2008 by hospital. Starting December 2008, three others—MRSA, VRE and HSMR; I am not going to try to say the names of those, other than the initials—and, coming in April 2009, four other indicators that we track—each hospital and public report; in April 2009, central line primary bloodstream infection, ventilator-associated pneumonia, surgical site infection prevention and hand hygiene compliance.

Anyone in the public anywhere in the world can actually click one of those, so let's look at *C. diff.* and see what we come to. People would get the screen that describes *C. difficile* and it gives them some options on

where they want to go so they can learn more about C. difficile. They can learn about how to reduce the rates. They can also look at the rate of infection in any hospital that they're interested in seeing. If they were to click the link to rates of infection in Ontario hospitals, they come to this screen which allows them four different ways to find the information they're looking for.

Let's just assume that someone was looking for Scarborough General Hospital. They click the location name, they come up with a list of hospitals and they find the hospital that they're searching for. If they were to click "Scarborough General Hospital," they'd come to a screen that shows all of those infections, what the rate is. In C. difficile, it's the rate per 1,000 patient days: 0.12. They had fewer than five cases. You can also see the rates of the various other—what do we call them? Infections?—indicators that I've mentioned that those hospitals are now reporting on. Then we can let people compare.

What does this mean? How is Scarborough General doing compared to other hospitals? If you click, "compare with similar hospitals," you come to a screen that shows you all of the hospitals in Ontario that are comparable and it shows their rates. What you would see on this site is that Scarborough General is actually doing very well relative to other hospitals.

Now, from that screen, if you go to the "trend" button, you actually see—and again, I apologize that you can't really see it as well I as I had hoped you would on these screens, but what you see is the time series of how this particular hospital has done compared to itself and compared to the provincial average.

I can tell you that this hospital is one that really shows that with the right interventions, a hospital really can change their rates of C. difficile. It had one of the worst—in fact, I think it had the worst rate in the province one year ago, but the work of the supervisor, Rob Devitt, and the hospital's management to improve the overall functioning of the hospital has now made it one of the best performers in the province. But as I say, any member of the public can get that information and they can compare it with other hospitals.

That's just an example of transparency. It's an example of how we measure and publicly report and how we actually can drive change. You'll be interested to know that public reporting in and of itself actually improves rates of things like C. difficile in the hospital because every hospital, once it's publicly reported, wants to do as well as it possibly can.

I want to move now to something else that again publicly shows how we're doing. Now we're at the Ontario wait times page. When you get to the Ontario wait times page, you've got a choice: You can either look at emergency room wait times—you heard me say earlier that reducing wait times in emergency rooms is a very high priority for this government—

Mr. Khalil Ramal: Especially in London.

Hon. Deborah Matthews: Especially in London, but across the province. We also have established wait times

with provincial standards for a number of different surgeries and diagnostic imaging.

Let's just pretend that we're looking for wait times for general surgery. If we were to click surgery and diagnostic imaging, then we come to the page that allows people to choose from some choices. Wait times in their area: If that's what they're looking for, they click on that. Then they're led through a series of pages: What kind of a procedure are they looking for? Where do they live? What hospital are they looking for?

We're going to just look at the Waterloo Wellington LHIN and see what is happening there. You come to that page. Those are all the hospitals in that LHIN. We're looking at general surgery. We see that our provincial target is that 90% of people who need general surgery wait less than 182 days. That is our provincial target; that was a provincial target that was established by experts who really looked at the question, "At what point does somebody's condition actually get worse?" And 182 days was that point at which the experts said, "For medical reasons, you really want to have people through that surgery within 182 days." You can see again, by hospital, what those general surgeries and wait times are and what the average is over the LHIN. So in the Waterloo Wellington LHIN, the average is 89 days. That is a significant reduction in wait times over the past several years and significantly below the 182 days that is determined to be medically necessary.

I want to just pause for a moment and talk about some of the successes that we've had when it comes to wait times. There's a national organization called the Wait Time Alliance. Ontario was recently given straight As for reducing wait times for hip and knee replacements, cancer, cataract and cardiac surgery. Ontario was the only province to score straight As. I think that really is an indication of how effective we have been in bringing down wait times.

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Cataract surgery is where we have seen the greatest success. Our baseline was 311 days that people waited for cataract surgery. That was in September 2005. We have now reduced that to 108 days, so that's a reduction of over 200 days that people are waiting for cataract surgery. I'm sure we all know people who are waiting for cataract surgery, who have waited, and the difference that surgery makes in the quality of life for people is enormous. They can read again, they can drive again, they can go back to work again in some cases. So we've reduced, as I say, cataract surgery wait times by 65% since we implemented our wait time strategy.

When it comes to knee replacements, and I know there are some people in this room who know first-hand what it feels like to wait for that kind of surgery, the wait time was 440 days. That was our baseline wait time for knee replacement surgery; the baseline, again, September 2005. We've been able to take 265 days off that wait time: 265 fewer days of being in pain, of having your activities limited. We've taken it from 440 days to 175 days. What we're looking for, the target, is 182 days, so

we have now reached that target and are slightly below that target.

Hip replacement again: Wait times decreased by 56%, from 351 days—so that's a year—to 152 days. That's a reduction of over 115 days.

So if you really think about what difference we have made for people in the province, Ontarians have spent 73 million fewer days waiting for procedures. That's 178,000 years, or, if you wanted to, 2,400 lifetimes, less spent waiting for surgery.

What this shows is that we really can make a difference if the government of the day decides that we're going to make a difference, they have the right strategies, they publicly report. I think this is something that all of us in Ontario should really take pride in. We are, as I say, leading the country when it comes to this, and it's transparent. Anybody can see what the wait times are in their community, in their region and across the province.

Then, if people want to know where the shortest wait times are in the province, they can, with the click of a mouse, see where the shortest wait times are. Again, for general surgery, if you click "shortest wait times," you'll see Renfrew Victoria Hospital: 31 days. That's significantly less than the provincial target of 182. You can see where the shortest wait times are. What this information does, of course, is allow us to make the strategic investments that are really important to continue improving the wait times.

Now, I will tell you that we still have challenges when it comes to MRI and CT, but we have made remarkable progress over a short period of time in bringing down those wait times.

Another feature of this website is that you can see over time what has happened. So what I just went through are the current wait times for various procedures in various hospitals. It also allows you to see historically how we have done. Again, it's the time series of that procedure for each hospital.

I think I'll move now to the emergency room wait times. As you've heard said over and over again, emergency room wait times are a very high priority for this government. I can tell you that the emergency room wait time is much more difficult to improve on because the emergency room is the place of last resort for people who don't have access to family care. It's a situation that's exacerbated by lack of home care or beds in long-term care. When we decided to take on emergency department wait times, we knew that we were taking on a very big challenge. But again, it's a challenge that we are proud to take on and it's a challenge that, I can tell you, has been embraced by the broader health care sector. Everyone knows that we need to do better when it comes to emergency room wait times.

Again, if you click on that emergency room wait time, you can see, with the click of a mouse, the time spent in the emergency room in your area. This page also offers other options. Some people don't really need to go to an emergency department. If they knew where to go for other kinds of medical help, they would go there. So

again, with the click of a button, they can see what other health care options there are for them in their own neighbourhood. We can go to the location. We went to the location of Sudbury; we just chose that place. You can type in the area that you want to go to, and then that takes us to the hospitals in Sudbury.

We have set our targets; these are ambitious but achievable. With the less complex cases, we want people to be in and out of the emergency department within four hours. With the more complicated cases, we want people to be in and out within eight hours. Emergency room wait times are measured not on how long you have to wait to see a physician, but on how long you spend there, so from the time you come in and get registered to the time you can actually leave the hospital or are admitted to the hospital.

What we see in Sudbury, for example, is that our target is eight hours. The Sudbury Regional Hospital, St. Joe's Health Centre, is at 12.9; the provincial average is 12.8. This is a new strategy. We're starting to work to bring those numbers down, and we're showing some success. For the less complicated cases, province-wide, we're at 4.8 hours; in Sudbury Regional Hospital, 4.2 hours is where they are now.

The point of this presentation really is to show you that when we talk about transparency, we're walking the talk. When we talk about measuring results, we're measuring and we're reporting publicly. I have to tell you that this, for me, is an extraordinary advancement when it comes to health care, because when people understand their health care system better, they'll have more confidence in it. When they see the difference that investment decisions can make, they will be encouraging government to actually make those changes.

How much time, Chair, do I have left?

The Acting Chair (Mr. John O'Toole): There's exactly nine minutes left.

Hon. Deborah Matthews: I have exactly nine minutes. I think I probably have covered what I wanted to cover on this. I know that members do have questions, and I'd be happy to just move to the questions. Thank you.

The Acting Chair (Mr. John O'Toole): Thank you very much, Minister. With that, we'll move to the official opposition. You have 20 minutes. I'll recognize Mr. Chudleigh.

Mr. Ted Chudleigh: I'd like to ask the minister about the hospital in Milton. Milton was beginning the process of building a new hospital in 2001. When the government changed in 2003, that process came to an end. It started up again in 2007 with a business plan to determine whether or not Milton needed a hospital. In 2001 it had already been determined that Milton needed a new hospital.

Your Places to Grow has seen Milton's population grow from about 30,000 in the mid-1980s, where it stayed until the late 1990s. Today, that population of Milton is at 90,000 people, three times more than when the hospital was built; the hospital was built to accom-

modate about 30,000 people. We're currently at 90,000 people. In 2021, we'll be at 140,000 people.

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Of course, when you shut down the Oak Ridges moraine as a building site for new houses, that demand had to go somewhere. Milton had the land, and a lot of that growth was forced into Milton, making for very rapid growth.

As I said, in 2007 the business plan started up again. It was approved. However, the next phase of the process of building a new hospital has not begun. Milton is undergoing some very severe wait times and service problems. The hospital has submitted what they refer to as a coping strategy to get them over the hump as to the wait time that will be required to get to the new hospital, which couldn't be completed until 2014.

Things like obstetrics are creating huge problems. We had 350 babies a year in 2001-02; we were looking at 1,100 babies last year. That's about what the hospital can handle. They're probably on track for about 1,400 babies born in Milton this year, with a significant number of them being shipped to other hospitals as far away as Hamilton and Toronto because the surrounding hospitals—Burlington, Oakville, Georgetown and even the Credit Valley Hospital—are also experiencing crunch times. The wait times in those hospitals are very long.

Minister, we expected some kind of an answer this fall. We hear through the grapevine, because communications aren't very good, that we are probably looking at next spring before we get any kind of a decision, and that decision could be yes or no as to the expansion. We're not assuming it's a yes, but not knowing until next spring makes the wait time extremely frustrating for the people of Milton.

Minister, how long is this going to continue? What can you tell us about how you feel about the people of Milton being disenfranchised in the health care system of Ontario?

Hon. Deborah Matthews: Thank you. I think what you have spoken about demonstrates how important hospitals are to communities and how important adequate hospitals are.

It's because of that need for that infrastructure that we committed \$30 billion to our ReNew Ontario fund. Of that, \$5 billion has been allocated to capital projects. I think there are more than 100 hospital projects happening across the province right now.

I cannot speak specifically to the Milton hospital. What I can tell you is that I will get an update for you. I don't know if my deputy has any information on that specific project—

Mr. Ted Chudleigh: I can indicate to you, Minister, that of those 100 construction sites in Ontario, there is no site that is growing at a faster rate than Milton. Milton is the fastest-growing town in Canada. It is the fastest-growing town of its size in the world—and that includes China, where the growth rates are exponential. The people of Milton are beginning to suffer. Every week I get more and more concerns expressed.

Now, let me say that the hospital and nursing staff at Milton are coping extremely well. Once you get in the hospital, the care that you get is very good. But it's getting in the hospital: The wait times for emergency etc. are really extreme.

The fact that this growth, that this concern for the hospital has been exacerbated, if not caused, by the Liberal government's Places to Grow legislation makes it doubly frustrating. The municipality had to supply roads and had to supply recreational facilities, all kinds of things, all of which has been supplied on time as needed. The school boards had to supply schools as the growth in these communities took place. They've all been supplied pretty much on time. There might have been some six-month delays. There have even been some that have been six months early, schools that have sat empty for six months, but they've all been done on time. Even the 401 has been expanded in certain places to ease the crunch of the flow.

The only thing that has not kept pace in Milton is the expansion of the hospital, which started in 2001, was stopped with the change in government and wasn't restarted again until 2007, something that you well knew was going to be a significant problem for the people of Milton. So I would look forward to your update, unless the deputy has something further to add.

Mr. Ron Sapsford: My only comment would be about the part of the question about time frame. We are now entering, of course, preparation for our next fiscal year and so additional approvals to the capital plan would fall into that particular process and not be approved until the conclusion, which would take us into the next fiscal year.

Mr. Ted Chudleigh: So you're suggesting that next spring is not just a rumour; it's probably when we will hear as to what will happen for the Milton hospital?

Mr. Ron Sapsford: That's the process that we're in now, yes.

Mr. Ted Chudleigh: And there's no way to fast-track that decision, given the situation that Milton faces?

Hon. Deborah Matthews: I'm a bit confused by your—what happened in 2007? You say—

Mr. Ted Chudleigh: The process restarted in 2007 with a business plan. For the process to expand a hospital, you have to start with a business plan that says, "Do we need a new hospital?" Basically, they updated the statistics that were gathered in 2001 and submitted to the government within the six-month time frame that they had. That program took about \$1.2 million that was supplied by the provincial government for that study. It came in on time, under budget, because it was a very simple study of updating the previous information.

The second stage is to design the hospital as to what that hospital's going to look like, what facilities are you going to need, what are the obstetrics facilities, what are the operating facilities, how many beds are you likely to have, given the demographics of the area. That study has not been approved nor moved forward by the provincial government, even though the need is so obvious that it's

confusing to everyone in town, everyone involved with the process, as to why it hasn't moved forward.

Hon. Deborah Matthews: As I said, we do have 100 projects, more than that that are under way—

Mr. Ted Chudleigh: And none of them in a town that is growing as fast as Milton.

Hon. Deborah Matthews: I hear your advocacy. I admire that, and I will find you information on the hospital in your particular community.

Mr. Ted Chudleigh: And what kind of time frame would I expect on that?

Hon. Deborah Matthews: I'll get you an update as quickly as I can get it.

Mr. Ted Chudleigh: Thank you, Minister.

The Acting Chair (Mr. John O'Toole): There are about 10 minutes left for your side.

Mr. Ted Chudleigh: Let's talk about Oakville. Oakville, as well—it's the same story. Oakville is growing, not as fast as Milton, but it is growing. The new hospital there was started in 2001; it came to a screeching stop in 2003. Interestingly, if that process had continued, Oakville would have had a new hospital today. As it is, the hospital was delayed for about 10 or 11 months in its construction process—the system in Oakville restarted again in 2005.

The time frame for building a new hospital can be eight to nine years; however, there are four or five stages that people go through, the last stage being that of construction. What chews up the time is the wait period between when one phase is submitted and an answer comes back from the Ministry of Health or the Ministry of Energy and Infrastructure, even though the Ministry of Health, particularly in the first stages of development, is working hand in glove with the local hospital facility and so they are fully aware when the report comes in of exactly what that report says.

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They should be in a position to make a decision relatively quickly and astutely on what has been submitted. That is not taking place in the proposed construction of the new Oakville hospital. There are large gaps of time between when projects are submitted and when projects are approved or the next stage of the development takes place. Those large gaps of time are what push the construction phase out further and further, so that the Oakville hospital, which we hoped at one time would be built in 2013—now it looks like 2014, and if the current stage doesn't get an answer pretty quickly, we're going to be looking at 2015.

Incidentally, the current Oakville hospital is at full capacity now, and they are continuing to build houses in Oakville at an alarming rate; not as fast as Milton's, but it is certainly the second-fastest-growing town in Ontario. So we have those two hospital construction projects in juxtaposition to each other, which doesn't allow either hospital to send overflow to the other one.

Burlington is in a situation where they are practically full; they are practically operating at capacity. The growth rate of Burlington is almost grown out. They

don't have a lot of construction left and therefore are not growing at the same rate and don't have the pressure on them, but they don't have a lot of excess capacity in that hospital to absorb the overflow. The nearest overflow is in Hamilton; if you phone Hamilton and tell them you're coming, they'll tell you not to come, that you're not in their catchment area, but if you show up at the door, they'll take you. So don't phone; just show up at the door. That's the word around town, and it's amazing: Everyone knows it.

It's a very frustrating situation, and the lack of accurate information that is flowing exacerbates the situation, and, of course, when good, solid information isn't available, rumours take hold. The rumours that are floating around are far worse than no construction at all, ever. It flows right across the system, so it's a very, very difficult situation in both Oakville and Burlington. Credit Valley, as I said, with the exception of cancer care, is at maximum in many of their facilities, so they're unable to help us as well.

Hon. Deborah Matthews: Thank you. While my deputy is looking to see if he has an answer, I'll tell you that I'm particularly interested in Oakville; my daughter lives in Oakville, so—

Mr. Ted Chudleigh: So she's aware of the problems of the hospital in Oakville.

Hon. Deborah Matthews: She hasn't raised that particular issue with me, but I'm sure she will now. So over to my deputy—

Mr. Ted Chudleigh: Again, the hospital, the facilities—the nursing and the doctors are doing a magnificent job, if you get into the hospital. It's getting into the hospital—they go the extra mile. They attempt to solve problems in emergency that need more care than can be handled in emergency, so people are sent home in a situation where perhaps, if the hospital wasn't under so much pressure, they wouldn't be sent home; an arm break that isn't quite properly set, and perhaps if it wasn't under such pressure that wouldn't happen, so the arm comes back the next day for more setting, which is a very painful experience for the patient.

Hon. Deborah Matthews: Let me turn it over to my deputy. You have lots of papers with lots of numbers there—

Mr. Ron Sapsford: No, I'm fine. The question for Oakville is perhaps easier. It's in the process of planning, and I take the point you make about moving from phase to phase; but we will attempt to keep to the schedule that's been developed with IO. Infrastructure Ontario is very good at keeping to time frames, so I'm not concerned about too much drift in the approval schedule.

There are occasions during the negotiation of the project between the hospital and the ministry, mostly around local share; it's usually the financing of it where we have the most problems. I'm not saying that's the case in Oakville, but it's very important before we move to the construction phase or put the RFPs out that the financial obligations of all the parties are very clearly laid out.

I know it's been a characteristic of the planning process in the past, as you've suggested, where a hospital is in a particular position and then waits long periods of time to move to the next phase. What we've done over the last couple of years, since the government announced its capital redevelopment, is to be far more disciplined about who is in the planning phase and to be much more clear that, yes, this hospital is in the formal planning phase, presumably moving from phase to phase in an orderly fashion.

Again, I would add that's based on the fiscal ability of the government to take new projects into the plan and that's a judgment that's placed every year; every year, we go through that re-evaluation. Then, to be clear, with hospitals that do not have approval to enter the planning process for the very reasons you've said, it's an expectation in a community that a hospital is moving forward when, in the short term, there's no realistic expectation that that will take place.

So we've tried to adjust the planning process to be clear with individual hospitals, whether they're in or out of the planning process, and to give some reasonable estimate of time as to when a particular project will be funded.

Mr. Ted Chudleigh: I'm just saying that no hospital in Ontario can make a case that's as strong as Milton's and that it's been waiting over a year now from its initial business case, which it made very strongly, for a response to that in order to move into the next phase, which includes a unique phase called a coping stage, which allows them to get to the next phase.

Mr. Ron Sapsford: And that particular project is in process, yes.

The Acting Chair (Mr. John O'Toole): There's about one minute left, if anyone has a comment. Ms. Elliott?

Mrs. Christine Elliott: In the short time remaining, I would like to just ask a few follow-up questions from some of the issues that I asked you about this morning, Minister. Apparently I left a few loose ends, so I'd like to just make sure, if you'll bear with me, that I ask you this again.

I'd like to have a clear request to you on the record that once a search is performed for any contracts given to McKinsey and Co. for the use of the ministry and paid for through hospital budgets, if any, I would appreciate copies of any contracts or contracts that you find in that respect. I think Mr. Sapsford made a comment about that but I'd just like to have a clear commitment to provide that information, if I might.

Mr. Ron Sapsford: My understanding of your question was the list of the contracts. Yes, we'll do that, certainly.

Mrs. Christine Elliott: Thank you. In addition—this is almost the same follow-up question—I'd like to ask that the same search be performed for any consultants' contracts other than McKinsey and Co. that have been negotiated by the Ministry of Health, where there has been direction to hospitals to pay all or any part of the cost of the consultants' fees—with consulting firms other

than McKinsey and Co. I'd like a clear commitment for that search to be conducted and the results to be communicated to us as well, please. Thank you.

The Acting Chair (Mr. John O'Toole): Ms. Gélinas, you have 20 minutes. We're going to say 10 minutes now, and then when we resume, it would be 10 minutes at the opening. All right?

M^{me} France Gélinas: I seem to be on this rotation where—it's okay.

I have agreed for Dr. King to leave because I understand, but some of the questions I have are to do with public health, so if you don't have the answers, I'm quite willing to wait and have them in the briefing book that comes after.

The first one is a question I asked when she was here. The government has frozen funding for Healthy Babies, Healthy Children for the next two years. I wanted to know how that decision came about, what were the decision criteria to do this, and, then, what are the consequences of that decision. I'm particularly interested in the consequences in job loss, wait times or a change in mandate of this program.

Hon. Deborah Matthews: If I could speak to that, I have a little bit of familiarity because that is in the Ministry of Children and Youth Services. If you could direct that question to them, that would be the appropriate way to do it. It's not a Ministry of Health program.

M^{me} France Gélinas: But it's delivered by the health units.

Hon. Deborah Matthews: Yes, but it's not a ministry program.

M^{me} France Gélinas: They get their funding for Healthy Babies, Healthy Children through the Ministry of Children and Youth?

Hon. Deborah Matthews: That's correct.
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M^{me} France Gélinas: So they get their funding for Healthy Babies, Healthy Children through the Ministry of Children and Youth Services?

Hon. Deborah Matthews: That's correct.

M^{me} France Gélinas: Well, there you go. Okay. The next question: Remember the capacity review that released its report in 2006? Are we doing anything with this report, and have any decisions been made regarding restructuring and reform of public health based on this report?

Mr. Ron Sapsford: Yes. There have been a number of follow-ups to that. It was a quite a broad-based report. It covered a lot of different issues, all the way from issues around medical officers of health to governance structures and so forth.

On the pieces dealing with medical officers of health, there have been some significant steps taken in terms of remuneration. It was an issue under discussion between MOHs and the Ontario Medical Association, and there were some provisions made for that in the Ontario Medical Association agreement.

On this same vein, there were issues related to the Ministry of Health, and we took quite major steps in

reviewing and making it more attractive to attract physicians into the Ontario public service in the division. I would suggest proudly that, with Dr. King now on board and the appointment of another associate and some other recruitments, we've started to see some changes there.

On the more formal structural parts of recommendations about reviewing governance structures, I'd have to say no, there has not been forward movement on that.

On the question of the number of health units, which I think was another major part of that recommendation, the government decided that it would be better to move forward with questions around the core standards work and to have that done first, and that work was completed in the past year. New core standards are now being put into place with appropriate follow-up and measures to do that.

There are some outstanding parts of it that have not been formally responded to, but there are other parts of it that have been moved forward quite aggressively.

M^{me} France Gélinas: Is it the intention of this government to move ahead with restructuring health units, the number of health units, in the coming year?

Mr. Ron Sapsford: I can't speak for the government on the point and wouldn't try. I think, though, in the consideration of the issue, one of the key points that was made was structural change because of the difficulties in some parts of the province in gaining medical officer of health leadership. There have been discussions at various health units to look at ways of doing that. Whether one comes to a decision about actually changing the number is a question that really needs to be discussed between the ministry and the municipalities that are responsible for their operation.

In the consideration of implementing that kind of a direction, there would have to be some significant discussion with municipalities because it does change the relationship of the current health unit to their operators at the municipal level.

It's not an easy change to contemplate. Particularly when you then look at regions versus counties in terms of their operations, it's a complicated discussion.

M^{me} France Gélinas: Has either party, either the municipalities, counties or the Ministry of Health, shown an interest in having this dialogue, or is this something that is not being talked about?

Mr. Ron Sapsford: To my knowledge, there's no active discussion of that question at the moment.

M^{me} France Gélinas: Okay. Since you've opened it up, can I get the new report on the number of permanent full-time medical officers of health for each of the 36 health units, which ones are seconded, which ones are sharing health units, which positions are being—you know, we have a chicken in every pot. We have medical officers of health, but not all of them are permanent full-time. Could I have a report on this?

Mr. Ron Sapsford: Yes, certainly.

M^{me} France Gélinas: Thank you. You're familiar with PSLRTA? I'm not too sure how to pronounce it, but

we've used it enough. There's an expectation in the field that the people working within the health unit would be covered by PSLRTA; is this something that the Ministry of Health will request in the near future?

Mr. Ron Sapsford: The application of PSLRTA to what question?

M^{me} France Gélinas: To the staff working in the health units, so that they would have security if any movement is done to their place of work.

Mr. Ron Sapsford: Oh, I see. When PSLRTA was amended, it was put in place, if my memory serves me correctly, with respect to decisions that local health integration networks would make. Public health units are not under the jurisdiction of them, so I would have to check the question. I'd be happy to do that, in terms of reallocation.

M^{me} France Gélinas: My understanding is that if the restructuring happens under the review that was done, it would not be a LHIN integration; it would be the Ministry of Health/municipality etc.

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: So those workers are not covered. My question is, are there thoughts about the Ministry of Health requesting that they be covered?

Mr. Ron Sapsford: That it be amended?

M^{me} France Gélinas: Yes.

Mr. Ron Sapsford: I don't have an answer to that question. Given that there has been no active discussion on the actual consolidation of public health units, the question hasn't been canvassed. As I said earlier, it's a complicated discussion, and this is clearly one of the issues that would have to be talked about before a decision would be made.

M^{me} France Gélinas: Okay.

We know that the new care standards have been rolled out and put in place. Can I have some kind of an update as to how many health units are meeting all of the new care standards that were put into place?

Mr. Ron Sapsford: I'll have, with the Chair's permission, Allison Stuart, who is the acting assistant deputy ministry of public health—

The Acting Chair (Mr. John O'Toole): Two minutes left at this point.

Mr. Ron Sapsford: Two minutes.

M^{me} France Gélinas: I hope she's a quick talker.

Mr. Ron Sapsford: She is.

The Acting Chair (Mr. John O'Toole): If you'd state your name for Hansard, please.

Ms. Allison Stuart: Allison Stuart, acting assistant deputy minister, public health division, Ministry of Health.

The standards were released to all health units on January 1, 2009. The expectation is that all health units will be in compliance with the standards. Work is under way right now to identify and develop how one actually measures that. We can measure widgets in terms of process, but really addressing, "What are the outcomes, and is that community healthier as a result?" is what we're looking at at this present time.

M^{me} France Gélinas: And when do you expect this work to be completed?

Ms. Allison Stuart: Prior to H1N1, we expected it to be completed probably by the summer of 2010. I think we will be revising that date.

M^{me} France Gélinas: Okay. Thank you.

The Acting Chair (Mr. John O'Toole): This committee will now stand adjourned until after routine proceedings tomorrow.

The committee adjourned at 1757.

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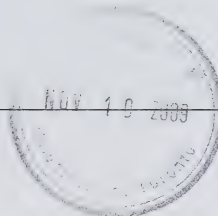
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Standing Committee on Estimates

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and Long-Term Care**

Comité permanent des budgets des dépenses

**Ministère de la Santé et des Soins
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STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 28 October 2009

Mercredi 28 octobre 2009

*The committee met at 1551 in room 151.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Mr. Garfield Dunlop): We'll call the meeting to order. Minister Matthews, I want to welcome you back today, along with the deputy minister and everyone from the Ministry of Health and Long-Term Care. When we adjourned yesterday, Ms. Gélinas had 10 minutes left in her rotation for the third party. You can start today with the remaining 10 minutes.

M^{me} France Gélinas: I'm off of the headlines and I'm now into the nitty-gritty of health care spending. I would like to start with primary care. I don't know who does primary care, but be ready; I have a whole bunch of questions. The first one has to do with the rollout of the nurse-practitioner-led clinics. I know that the first one is in Sudbury. Everybody's very proud. Three more have been announced. How much money has been spent so far, and how much longer before we get to 25?

Hon. Deborah Matthews: Deputy, over to you.

Mr. Ron Sapsford: For the current fiscal year, there were, I think, 50 in total approved. The implementation is proceeding. I'll call Josh.

M^{me} France Gélinas: Josh, you're the lucky winner.

The Chair (Mr. Garfield Dunlop): Could you state your name, please?

Dr. Joshua Tepper: Hello. I'm Joshua Tepper, assistant deputy minister, Ministry of Health, serving under Deputy Sapsford.

We have currently announced another call for both NP-led clinics and family health teams. The applications have been submitted, and the ministry has had an opportunity to review them in conjunction with some input from the local health integration networks. We are in a position to make final recommendations to the deputy and to the minister in the very near future about possibilities for the next implementation.

In terms of the specific allocations in both the previous and what may be coming in the next wave, I'd have to get back to you with specific numbers on how much has been spent on the NP-led clinics.

M^{me} France Gélinas: I would appreciate that. You said your review will be finished soon, and you will be able to make recommendations, I guess, to your minister. What kind of timeline are we looking at before announcement?

Dr. Joshua Tepper: That's at the privilege of the minister.

M^{me} France Gélinas: Okay. Any idea?

Hon. Deborah Matthews: It would be premature for me to speculate on that.

M^{me} France Gélinas: Fair enough. I would appreciate the numbers. The request for proposal that went out was for 15 new ones?

Dr. Joshua Tepper: Of the family health teams and the NP-led clinics, that's correct.

M^{me} France Gélinas: Fifteen of each?

Dr. Joshua Tepper: No, no. Sorry, let me just get the numbers exactly right for you—for eight additional nurse-practitioner-led clinics.

M^{me} France Gélinas: Okay.

Dr. Joshua Tepper: And we received applications and they've been reviewed.

M^{me} France Gélinas: And did you receive more than eight applications?

Dr. Joshua Tepper: Yes, we did.

M^{me} France Gélinas: Do you feel confident you will make recommendations for all eight?

Dr. Joshua Tepper: Yes, I do. I know we will.

M^{me} France Gélinas: Okay. Of the three that were announced before, can I have numbers as to how much money has been transferred to them?

Dr. Joshua Tepper: Yes.

M^{me} France Gélinas: Thank you. If I can have it by total amount as well as categories of staff that have been funded, I would appreciate it.

Dr. Joshua Tepper: Sure.

M^{me} France Gélinas: Thank you. Do you foresee doing another round? When are we going to get to 25, I guess?

Mr. Ron Sapsford: That part that is tied up in our fiscal estimates for the next year, so the announcements that have been made are within our capacity for the current fiscal year. Then future expansion will depend upon our budgeting process for next year.

M^{me} France Gélinas: Are we still committed to 25 within this mandate, as in, this government's four-year mandate?

Mr. Ron Sapsford: The current expectation is we'll complete that work, yes.

M^{me} France Gélinas: Okay. Thank you.

Hon. Deborah Matthews: Maybe I could just add that a clear priority for us is better access to primary

health care, and the nurse-practitioner-led clinics have shown—I think you'd agree—in Sudbury that it really is an option that works.

I actually have a nurse-practitioner-led clinic in London that's done in partnership with the university. It's quite an interesting model too. I, too, have seen first-hand how the care provided through nurse-practitioner-led clinics can really serve an important need in a community. So I'm committed to the model, and we're working to maximize the skill set of the nurse practitioners.

M^{me} France Gélinas: Very good. Thank you. That's all good news.

Now to community health centres and AHAC. The 21 new community health centres and 15 satellites: How many of them are up and running and how much money has actually been transferred to those?

Mr. Ron Sapsford: I can get that information for you.

M^{me} France Gélinas: Thank you.

I realize you're new, and if you're not comfortable you can tell me, but is there still a commitment from this government to have community health centres?

Hon. Deborah Matthews: Yes, absolutely. Again, I have one in my riding; I've seen first-hand the work they do for people who would have difficulty otherwise accessing the kinds of services they need. I actually have spent quite a bit of time at my community health centre. They recently built a satellite and are truly much more than a community health centre; they really are the hub of the community. They have a community kitchen. Our youth outreach workers, actually, through the Ministry of Children and Youth Services—their home is in the community health centre. The value, particularly for marginalized people, is immense. We know that people who face economic challenges also have unique and high health care needs, so reaching out to those people, being there for them with the services they need, is absolutely something we want to continue to do.

M^{me} France Gélinas: I'm really pleased to hear you say this, and I'm pleased to see the level of knowledge that you bring to your portfolio already. Congratulations. You're doing well.

Hon. Deborah Matthews: Thank you.

M^{me} France Gélinas: There are some issues with community health centres, one of them being the funding of physicians. The funding model used to be straight salaries for physicians; it is now a blended salary and incentives, which is causing the model of community health centres a lot of headaches. This new funding model for their physicians does not work for the interdisciplinary team and the type of work that they do. Is there a willingness within the ministry to change that and bring the compensation for physicians back to straight salaries?

Mr. Ron Sapsford: Yes. The ministry has been extremely flexible on funding models for physicians, as you probably are aware, all the way from fee-for-service to models that are full salary. In many cases, however, it's dependent upon the physicians involved as to what model they prefer to work in. So the ministry is certainly open,

or we don't have a specific, rigid policy position on that. We're more interested in looking at models that work and in bringing the greatest amount of medical attention to patients. That's something we would certainly be open to.

1600

M^{me} France Gélinas: If the OMA group that represents CHC physicians wants to change their remuneration back to straight salaries rather than salaries and incentives, this is something that they could bring directly to you?

Mr. Ron Sapsford: Yes, provided it doesn't come at a huge cost. There's always something to talk about when you change models, but yes, in principle I think that's a fair thing to do.

The Chair (Mr. Garfield Dunlop): A minute and a half left, France.

M^{me} France Gélinas: You'll come back to me, though, right?

The Chair (Mr. Garfield Dunlop): Yes, we'll come back. You'll get two more rounds today.

M^{me} France Gélinas: That always stresses me out.

Can I have a list of the funded positions in CHCs, as well as how much money was spent on physicians, nurse practitioners etc.? Of the money that you transferred to CHCs, how much was for the different categories of professionals and other staff?

Mr. Ron Sapsford: As summary information—total CHCs, and then total RNS, or whatever the case may be?

M^{me} France Gélinas: That's correct. And if they come by LHINs, you can give it to me by LHINs; I'll put it together. If they come ministry-wide, I'm happy to see them all together.

Mr. Ron Sapsford: Okay.

M^{me} France Gélinas: And the last-minute question on CHCs is: The level of funding right now does not allow them to provide pensions, which becomes a huge recruitment issue. For some of the professionals—if we think about dietitians, dietitians make way more money in hospitals, and they also get a pension plan through HOOPP when they join the hospital. They're having a tough time recruiting and retaining them because of that issue, as well as many other staff. There are interdisciplinary dietitian teams that are being set up more and more in hospitals rather than in the community because of that unbalance. Has the ministry looked at ways to bring community health centres on an equal footing so they can afford pension plans for their staff?

Hon. Deborah Matthews: I can tell you that this is an issue that is new to me. I'll see if my deputy has any insight to bring to this.

Mr. Ron Sapsford: I think that as one looks at the health system in the broadest sense and in the long range—we look at options for transformation in the health care system, so better integration, more seamless movement of patients across a variety of providers. One of the issues that comes up when one is looking at human resources planning is this particular issue. The ministry has spent some time trying to understand the dynamics of the issue. We're not in a position of finalizing positions or have a

specific policy position to take forward, but I could say that we're well aware of the issue and have spent some time trying to understand, as you've suggested, what the impact of those differences or those variations across the health system means for moving the health system forward in a more integrated fashion.

The Chair (Mr. Garfield Dunlop): Thank you very much. We'll now go to the government members. Mr. McNeely.

Mr. Phil McNeely: Thank you, Minister, for being here today. You went through your presentation on the wait times website the last time we were here, and I thought that was quite good regarding where we're getting to on wait times.

In 2003, maybe in 2004, we had a report—I don't know what the institution was that made the report—that showed that the wait times in Ottawa were the highest in the province. I think the province at that time was broken down into 14 areas—the LHINs hadn't come on—and Ottawa had the longest wait times. And some of the members were asked, "Well, what is that to people who have been around a few times?" and they always said, "Well, Quebec." There was a lot of interchange with Quebec patients in the Ottawa area. I'm not quite sure what Quebec had to do with it, but in any case, it was a fact that we had less than one half of the MRIs in the province if we compared it to what Toronto had. Since that time, we've doubled our MRIs in Ottawa, so things have gone well. We've had expansions at the Montfort, at the Ottawa Hospital, at the Queensway Carleton and at the Civic part of the Ottawa Hospital as well.

One of the issues I feel needs a lot of work or dollars is the avoidance of our seniors who need care getting into acute care beds in hospitals—that's what has been identified. I don't know the issues that well, but that's what has been identified by our hospital leaders as one of the big issues they have to deal with. "Who gets the long-term-care beds?" That is often the question we hear. The hospitals may be last to get their patients moved to long-term care or some other level of care where they could open up that hospital bed. I think you mentioned that 18% of the beds in hospitals are beds that are occupied by people who probably shouldn't be in the hospitals, that acute care that they were getting—they're past that stage and they can go out to another level of care, whether it's care at home or care in the community or long-term care.

I think you also mentioned that some had pilot projects going on where nurses were meeting these patients as they arrive at the hospital and trying to see what level of care, what institution, where should they be going, and trying to give the—I suppose the level of care gets where it can't be handled anymore, and what is the option? It's to phone the ambulance, and the person often ends up at the hospital.

Better use of the long-term-care beds has been an issue, as well: whether the right people are in the long-term-care beds, or are they getting there too early? When they compare us to other provinces, I think I saw in the

auditor's report that our patients may be staying longer in long-term care, which may be an indication that they're getting in too soon. This is a very difficult issue, of course.

So the pilot projects—I think the Queensway Carleton is doing that. They have a nurse who is trying to help move these patients to other areas of care, if that's possible. What do you see going forward for that?

The LHINs are looking at different projects for the aging-at-home strategy, which is a big investment we've made. We had some projects in our own area, where they were working with the local resource centres. How much can be done? How do we unblock that problem the hospitals have? What do you see as the way of moving these people to the right level of care faster and not tying up our acute care beds?

Hon. Deborah Matthews: Thank you very much for your question. I think I'll take a shot at it and then happily will turn it over to others who can add more detail. I think you've really described what the thinking is behind the development of the LHINs, which is the integration, right? It's putting the "I" in the LHIN, getting those services to hospitals, the other services available in the community, be it home care or Meals on Wheels or transportation to appointments or housekeeping services or visiting services—integrating the services in the community to really wrap around the person who is needing to use the health care system. I'm really proud of the work that the LHINs have been doing because they really have brought together so many of the previously uncoordinated services and wrapped them around the patient and the patient's family. The family, I think, is an important part of the care plan for people, particularly people who are aging or people who are recovering from surgery or whatever. I think so many of us now live far away from our families; our families are smaller, so we really need to maximize the community supports that are available, to be there for people when they need them.

The emergency room and ALC strategy that we spoke about earlier is really trying to address the issue that you've raised: Are we giving people the right amount of care in the right place at the right time? I think we would all agree that we can do better. We've made some big strides, but I still think we can do better.

1610

As we move forward, bringing down those emergency room wait times—we're not going to be able to do that unless we actually address the issues that you've raised about having adequate numbers of beds for people in long-term-care homes and also transition beds. People might not need to move into long-term care, but they don't need to be in the hospital either, so providing those services. I think there are some terrific examples in different communities where, through the LHINs, the CCACs and the hospitals, everybody really is working together to address this issue.

Of course, as our population ages, this situation is going to become more and more acute, so we'd better get it right now if we want it to be there in years to come.

I'll now turn it over to my deputy to add or anybody else.

Mr. Ron Sapsford: In the question and the minister's answer, I would start by simply underlining the fact that there is no one single solution or one single area that can solve the problem entirely. The strategy that's been put forward is to invest in a whole variety of areas which together will improve the overall operation of the system.

We're focused initially, because it's a symptom of the broader system problem, on emergency rooms and wait times in emergency rooms. There, there's been money devoted to helping hospitals manage their flow to help them reorganize the way in which they manage emergency department patients. The ministry's funding has provided them incentives to actually bring their wait time numbers lower. We're beginning to see some improvement as a result of those strategies. Those are directed inside the hospital.

On the outside, there have been investments in additional nursing staff, particularly with respect to long-term-care-home residents. Oftentimes an elderly person in a home will become ill with a undifferentiated problem, and in the past the response has been to call the ambulance and send the person to the emergency department. Many, many times, the patient could be managed better in the home, and so sending nurses who have expertise in geriatric care out to the homes to assist in the care of the resident and also to support the team in the nursing home or in the long-term-care facility removes the need to actually move people from one facility to another.

Other areas of investment are in community support services, so if there were better alternatives in the community to keep people at home as opposed to in an institution, that's a better quality of life for individuals. The minister talked about a number of the initiatives. Some of them include increasing the hours of care that are provided by the home care program both in terms of professional support as well as homemaking services. Those hours, for instance, have increased from 80 to 120 hours in the first 30 days and from 60 to 90 hours of care in the subsequent 30 days. So a broader scope of services as well as the amount of time that someone could be under care at home are both ways to allow more care to be provided in the home.

In the aging-at-home strategy, a whole series of other initiatives are really coming from the health care system as opposed to the ministry putting forward these proposals, where local health integration networks have sat down with their providers and really thoroughly tried to assess what kind of program or service we need to have in place to allow people who need care in the community, what would help. We've had over 240 proposals submitted, and I believe about 200 of them are either funded or are in the process of funding. So resources were put forward by the government to address those kinds of creative initiatives. Examples of those are Home at Last, which provides a unique mix of services to support that individual in the home. There's another program called

Home First. Rather than make the notion that if you're admitted to an acute care facility and need continuing care, automatically you're going to long-term care, let's first try Home First, then subsequently, if care in a long-term retirement residence is required, make the decision not in the acute care facility, but from the home. That's another approach to try to alleviate the pressure on hospital acute care beds.

The other area I've mentioned—there are many others—is that the ministry has supported the opening of interim long-term-care beds, so that where we do have some capacity, those beds are being opened. Those decisions are being made by local health integration networks. The ministry's only condition is that it complies with the requirements of the Long-Term Care Act, but funding is being used for that. The other area that we're looking at is supportive housing and expanding the stock of supportive housing as opposed to long-term-care beds or additional acute care beds.

Taken altogether, as I've said, there are a number of initiatives aimed at different parts of the health care system, but all aimed at shifting the burden of care from institutions into the community so that people can live longer in their own homes and the required care is brought to them, as opposed to moving them into institutional facilities.

Mr. Phil McNeely: That's interesting, because we have a project just in the development stages now. We have the Orléans Urgent Care Clinic, and I think something like 20 doctors share the time there. They do about 40,000 procedures a year. I think they're these emergency procedures like fixing broken bones, taking stuff out of eyes and sewing people up—class 4 and 5 of the emergency procedures, they've told me; I'm not quite sure. But they do that and they do it very efficiently.

They built the clinic 15 years ago, and they're doing very well. They're taking a lot of the load off the Ottawa Hospital and off the Montfort Hospital in our local area. We've got this project, the hub, that I'll have to be talking to the minister about, but about half of the hub would be the Orléans Urgent Care Clinic way of doing things and then a new family health team that was approved last year, which is just getting under way now. Tied into that would be day surgery, possibly dialysis and possibly some cancer treatment. That would all be in one facility to try to get it away from the big hospital concept to a local community project and have these services delivered in the community. This would be something that we'd really like.

One of the issues—and I'm not sure that you can answer. You probably can't answer it today. I think there are maybe one or two others like the Orléans Urgent Care Clinic in the province, but it's very successful in our area and we'd like to see it continue. We think there's value for dollars there. Comparisons have been made for these class 4 and 5 emergencies, the comparison of cost in the clinic and cost in the hospitals. It hasn't been refuted; it was maybe a third of the cost in the community. It's working well and we'd like to see that continued.

One of the problems is that the doctors—and I understand that the OMA sets the rates, doesn't it? Those rates are negotiated with the Ministry of Health and Long-Term Care, and they've had difficulty getting resolution to that. But I just feel that that would be a good direction to go in. They have been very successful for 15 years. They like the independence, they still work at hospitals, but they get paid much more at a hospital or other facility than they do in their own clinic. It just means they have a hard time attracting doctors. The Minister of Health and Long-Term Care came in a year and a half ago and solved our issue, and they're still working very well, but I would leave that with you if you don't have specifics on it. It is something that is working well in health care in our area, and I'd like to see them getting paid sufficiently so that they can keep doing it. I'm not sure if you're aware of the specific issue.

1620

Mr. Ron Sapsford: Well, not to—

The Chair (Mr. Garfield Dunlop): About four minutes, Deputy, on the answer.

Mr. Ron Sapsford: Oh, I'll speak fast. The physicians started a model of care—and I don't dispute the value of it—levels 4 and 5, and I think in some cases they're treating level 3 patients as well. Their model has outstripped the funding mechanisms that were available to physicians in that practice, and that was what led to the questions to the ministry. As I understand it, we have provided funding that will take them through into the middle of next year. But I take the point. Something has to happen if the model is to continue.

Most of these sorts of programs that do exist are often affiliated with hospitals. One I'm familiar with is the Stoney Creek Urgent Care centre that's operated by St. Joseph's Healthcare Hamilton, which is a very similar model. They're taking care of levels 4 and 5. Where patients come in with more severe conditions, they're referred on to hospital, but they certainly do provide a lot of primary and low-level secondary care. So I think the model is worth looking at.

The issue we've had is that we've never had a particular funding model that would apply to independent groups of physicians who choose to set up that kind of care, but we'll continue to work with this group of physicians to try to find a resolution.

Mr. Phil McNeely: And if our project's successful, they will be affiliated with the Montfort, so that may resolve itself. I understand additional funds can come in under that program.

Have we got a couple more minutes?

The Chair (Mr. Garfield Dunlop): You've got a couple of minutes left right now, yes.

Mr. Phil McNeely: Does anyone else wish to be involved?

Mr. Charles Sousa: Yes. Thank you, Minister, for being here as well. In my riding of Mississauga South, I've got a couple of great hospitals, Trillium Health Centre and Credit Valley Hospital. Both of them have done a tremendous job of expanding and increasing, and

there are some challenges with that. Maybe we can talk about that later on, but right now, I wanted to—and you've spoken about the wait times. We've spoken a little bit about the aging-at-home strategy.

In my riding, we have a very mature community, many more seniors coming on board. There are two areas. One is the care practitioners and nurses, the issue of quantity of care versus of quality of care. Maybe we can expand upon that. The other one is attraction of doctors in the communities generally and the shortages that seem to be evident in some communities. What are we doing, then, to facilitate the attraction of doctors in medical schools—I know we're doing something in Mississauga—and the issue around accreditation for those international graduates?

The Chair (Mr. Garfield Dunlop): Deputy, you've got about a minute left to answer this.

Mr. Ron Sapsford: We're doing many things, starting with the increase in medical school enrolments, so a commitment to an additional 100 positions, approvals for the University of Toronto medical school to expand into Mississauga. I think there are—don't quote me—58 positions in the undergraduate complements. Over a period of time, there will be several hundred medical students operating out of that campus of the University of Toronto.

We've changed some of the policy around international medical graduates. I believe it's over 200, maybe 225 of positions that are reserved for international medical graduates to upgrade their training as is required by the evaluations they go through. So we've had a number of new international medical graduates licensed in Ontario, and they're out now in the field practising.

There have been several initiatives that are well under way. There are more to come, particularly in the case of Mississauga. The role that those two hospitals will play in the training of new medical undergraduates will be, first of all, a new role for them and, secondly, quite an important role.

The Chair (Mr. Garfield Dunlop): Thank you very much, Deputy and Mr. Sousa. We'll now go to the official opposition: Ms. Witmer.

Mrs. Elizabeth Witmer: Before I begin, I want to personally extend my congratulations to the minister. As a former minister, I'm sure you've no doubt discovered this is a huge ministry, tremendous responsibilities, but you have the opportunity to work with some fine people and I just want to personally wish you well. I have no doubt you'll do a great job.

I would like to read a number of questions into the record, and I want just to state up front that I don't wish that the minister or her staff would respond to these questions at this time. Rather, I'd like the minister to respond to the questions by submitting answers in written format to the committee members at the earliest possible convenience. However, I will also be posing some questions to which I would like responses today, so I put that up front. Perhaps I'll begin with some of the questions where I know you're not going to—I say that based on knowing that you can't be prepared for everything,

despite the fact I had at least one critic who I think thought we all had it up here somewhere, but it's not possible in health.

The first one is related to polling. I'd like this committee to be provided with a list of all polling that has been conducted or commissioned by the ministry since 2008, including the following: the data and results of the polls; the dates of the polls; the purpose of the polls; the firm contracted to execute the polling; and the amount of money that was paid for the polling. I would also like to have this committee provided with copies of all reports, memoranda, briefing notes and invoices related to all focus group discussions commissioned by the Ministry of Health. So those questions relate specifically to polling and focus groups.

The second question that I have—again, I'm just looking for a written response to the committee—relates to internal audits. I would ask that you would provide this committee with all final reports completed by Ontario's internal audit division which have been submitted to the Deputy Minister of Health since 2003.

Next are questions related to emergency departments. I guess you're going to have a similar challenge to what I had. We used to have the flu and that's why we introduced the universal flu vaccine, but you've got a huge challenge on your hands with H1N1. Anyway, the questions that I would like prepared for the committee are as follows: if you could provide the committee with a list which details the number of ALC days in each LHIN for every year since 2003; secondly, if you could indicate how much funding from the aging-at-home strategy has been distributed by Ontario's 14 LHINs, and if you could break that down and show how much has been distributed by each one of the 14 LHINs.

The third question here is if you could provide a list which outlines all recipients of the aging-at-home funding, and again, if you could separate that by the LHIN and by the year, and also the projects that the money was used for; and if you could, as well, provide a list which outlines the emergency department wait times for each hospital in Ontario by month since 2003, and again, if the information could be separated out by the 14 LHINs.

The next question: Which communities are being currently consulted about introducing an urgent care centre by the Ministry of Health?

The last question under this category: Which emergency departments in Ontario is the Ministry of Health considering transforming into urgent care centres?

Now I want to go into the questions that are related specifically to local health integration networks. The first question—again, I just want a written answer for the committee—is if you could provide us with a list of all the consulting contracts handed out by Ontario LHINs since 2006. This list should include which firms or individuals received the contracts, how much they are valued at, and whether they were tendered using a competitive bidding process.

1630

I do have a few questions here that I'd appreciate a response to. My first question—

Mr. Ron Sapsford: Is this more of the written, or do you want to go to—

Mrs. Elizabeth Witmer: I'm going to ask you for a personal response, Deputy.

Mr. Ron Sapsford: Okay, if I might just clarify. I followed all of the questions, and the only one I'll flag immediately—you asked for wait times by emergency department from 2003.

Mrs. Elizabeth Witmer: Yes, right.

Mr. Ron Sapsford: The difficulty there will be that we didn't have that information as far back, but what I could commit to do is certainly provide whatever we have.

Mrs. Elizabeth Witmer: That's fine; sure. Obviously, if you don't have the information, you're not able to provide it.

Mr. Ron Sapsford: It wasn't recorded that far back.

Mrs. Elizabeth Witmer: That's right. I understand, and thank you.

So my first question is one related to the LHINs. I just wonder, Minister, whether you consider the position of chair of a LHIN to be a part-time or a full-time position.

Hon. Deborah Matthews: I have to tell you that I don't know whether that is considered a part-time or a full-time job. Obviously, the CEO is a full-time job, so I'm just not aware of how that is structured.

Mrs. Elizabeth Witmer: Do you wish to answer that, Deputy?

Mr. Ron Sapsford: Whether I thought they should be full-time or part-time?

Mrs. Elizabeth Witmer: No, do you consider the position of chair a full-time or a part-time position?

Mr. Ron Sapsford: There are both at the moment. Some chairs are considered full-time and others part-time, so we have a mix of the two. Whether one should opt for one or the other is, I think, where your question is, and I don't have a particular view on that. The policy at this moment is that both can coexist.

Mrs. Elizabeth Witmer: So why would one chair of a LHIN, since they all have similar responsibilities, be considered part-time and one be considered full-time, if the responsibilities of the 14 LHINs are supposedly identical? I guess I don't quite understand why some would be full-time and some would be part-time. Are they not all being reimbursed the same amount of money?

Mr. Ron Sapsford: Well, they're reimbursed on a per diem amount, I believe—

Mrs. Elizabeth Witmer: I'm sorry?

Mr. Ron Sapsford: A per diem amount. I think some view their role on the community engagement side. If you remember, they're relatively new, so I think at the beginning, the initial appointments of chairs of LHINs, because it was a start-up, and there was a feeling that they needed to get to know their communities and to develop those relationships—so the role of the chair would be more geared to developing those relationships with other providers. Some felt that that required more time than perhaps others who use different techniques of engagement with their communities.

So it really came from the start-up phase of that. Now we're three years later and I suppose it's a question that could be asked as to whether there's a need for that particular style into the future. But I think it had more to do with the notion of start-up as a new agency. Its clear role was to develop working relationships with a broad array of health care providers, both deliverers of service as well as boards of governors of a variety of agencies. That was felt to be important to establish the relationship, and that it would take longer, and hence more time.

Mrs. Elizabeth Witmer: I think you've indicated that they are paid a per diem as opposed to a salary.

Mr. Ron Sapsford: That's my understanding, yes.

Mrs. Elizabeth Witmer: So the remuneration, then, would be dependent on the amount of time that they would claim to be on LHIN business.

Mr. Ron Sapsford: That's right.

Mrs. Elizabeth Witmer: Okay. When we take a look at the fact that financially, everybody is tightening their belts—and certainly we are asking hospitals to tighten their belts; the LHINs have asked them to tighten their belts, and we certainly know what has happened to some of our hospital CEOs when belts haven't been tightened fast enough—would you agree that board members of the LHINs should also show similar restraint in their own personal expenses?

Hon. Deborah Matthews: Yes.

Mrs. Elizabeth Witmer: What type of expenses do you think would be allowable?

Mr. Ron Sapsford: The expense allowances would be defined in the accountability agreements, I'm quite sure: so the normal costs of business, travel expenses, accommodation where that's necessary; for instance, if they're holding a meeting in a part of the area where they don't reside. Beyond that, expenses directly related to their role and function as directors of the LHIN would be the policy position.

Mrs. Elizabeth Witmer: And would that include conferences here or in the United States?

Mr. Ron Sapsford: Certainly here. If there's a meeting in Toronto where they're gathering together, then the expenses of travelling would be included; correct. Management Board put out some directions earlier this year about managing discretionary funds more tightly, as you've suggested. One of the ways one does that is through restricting travel and those sorts of things.

So that information was provided to all our agencies. I wrote to them all, actually, in the spring with the notion of tightening up on discretionary expenses, including travel, and I would expect all of the LHINs would have responded to that.

Mrs. Elizabeth Witmer: All right. I'm now going to turn to nursing. I don't think you can provide me with the response to the question I have, but I'd just like to know how many baseline hours of nursing care or services were provided by registered nurses, registered practical nurses and personal support workers in each of the years 2007-08, 2008-09 and this coming year, 2009-10. I'm looking for the baseline hours of nursing care that were

provided by each one of those groups of health care providers for those three years. You don't have to answer that—

Mr. Ron Sapsford: Across the whole health care system?

Mrs. Elizabeth Witmer: Yes.

Mr. Ron Sapsford: Or within a particular program?

Mrs. Elizabeth Witmer: No, within the whole system, if anybody has any idea: hospitals, long-term care.

Mr. Ron Sapsford: I'm gasping.

Laughter.

Mrs. Elizabeth Witmer: Home care.

M^{me} France Gélinas: Physicians' offices.

Mr. Ron Sapsford: I can say that in certain areas, yes, probably we could. In other areas, because we don't have the same information system, perhaps not. But we could do our best to gather it.

Mrs. Elizabeth Witmer: If you could do that, that would really be appreciated.

I'd actually like to turn to home care. Again, I don't believe that you'd have these, so you can bring them back to the committee, but simply: What is the total amount of money that is spent on CCAC administration costs, including case management?

Secondly, what are the cost projections for growth in the public CCAC home care sector in Ontario for fiscal 2010-11? How much money does each LHIN receive?

Next, how much of the total aging-at-home funding has been used to enhance home care service volumes for Ontarians through funding transfers to the CCACs, and what was the percentage and total of CCAC funding used to service acute care discharges, including emergency room discharges in 2007-08 across the province? And what was the percentage of CCAC funding used to service referrals from family doctors in those same two years, 2007-08?

1640

This one is important, as we look forward to—if indeed the government does go ahead with the HST. Will the government allow a point-of-sale rebate for the HST for Ontarians who purchase home care services above volumes determined as eligible by the CCAC system? Maybe you would have an answer to that one verbally. No?

Mr. Ron Sapsford: No. I do have the one about expenditures by LHIN for 2009-10, on page 115 of the estimates. It's laid out clearly, LHIN by LHIN, what the estimates are for the current year's expenditures, with a comparison of the increase over last year's estimates. There is about a \$586-million increment, so their total expenditures are about \$20.917 billion. That information is in the estimates.

Mrs. Elizabeth Witmer: It's contained in the estimates on that page?

Mr. Ron Sapsford: Yes. I think one of your questions was about 2010-11.

Mrs. Elizabeth Witmer: Yes. Looking forward, what are the cost projections for growth in the publicly funded CCAC home care sector?

Mr. Ron Sapsford: That would be the subject for our next budget period. Beyond a general sense of what an increment might be, I couldn't be precise about that.

Mrs. Elizabeth Witmer: Okay.

Mr. Ron Sapsford: But for most of the rest of it, we'll do our best.

Mrs. Elizabeth Witmer: Okay.

Mr. Ron Sapsford: The question of HST?

Mrs. Elizabeth Witmer: Yes, whether you're going to allow a point-of-sale rebate for the HST.

Mr. Ron Sapsford: We would have to consult with finance on that. They're managing all of the exceptions. I think the general principle is that their current policy position is that exceptions or exemptions will be difficult. But if this is a particular area of interest, we can certainly consult and see what the position on that is.

Mrs. Elizabeth Witmer: There is certainly some concern by both the recipients and providers of home care services as to whether there's going to be an additional financial impact.

Mr. Ron Sapsford: Right.

Mrs. Elizabeth Witmer: The last one is about home care. Is the demand for home care—and I ask you this—exceeding the supply in Ontario?

The Chair (Mr. Garfield Dunlop): You have two minutes left in this round.

Mr. Ron Sapsford: Okay.

Hon. Deborah Matthews: Let me just try. I remember so clearly our 2003 election campaign, and going out and talking to people. I remember so clearly a gentleman I met in his home. His wife was very ill. She was in the hospital. He desperately wanted her to come home. He said: "I want to cook her meals. I want to bathe her. I want to look after her. I'm prepared to do that. But she needs more care than the number of hours she's currently allowed, so she's in the hospital. She's not happy, I'm not happy, and it's costing the system a lot more."

I think that's why we've increased the number of home care hours that are available for people. Just as a matter of principle, the right thing to do is to bring them home and let the families do their work. The limit on the number of hours of home care available really did present problems. So, as the deputy said earlier, we've significantly expanded the number of hours that people can have at home. I think your question is, would people like even more?

Mrs. Elizabeth Witmer: Yes, I'm asking, does the need for home care exceed the supply that we have in the province? I think, as MPPs, we're all contacted by people who are looking for support, and perhaps their loved one is forced to stay in the hospital longer because there is no support at home.

Hon. Deborah Matthews: And absolutely a real priority for us is to provide the supports at home, if at all possible. I think you would agree, having been Minister of Health, that "What is the need?" is often the subject of conversation. Some of the very, very difficult work that our CCACs do is assess how much need there is in a particular home.

The Chair (Mr. Garfield Dunlop): Thank you very much, Minister, and Mrs. Witmer. We'll now go to the third party. Ms. Gélinas, you've got 20 minutes.

M^{me} France Gélinas: You have agreed to give me the staffing levels for the different CHCs and the total amount of budget. Could I have this separated as to the 21 new ones and 17 new satellites, having their staffing levels separated from what exists in the current 52 that were there before, just so that we can—

Mr. Ron Sapsford: Differentiate.

M^{me} France Gélinas: Yes. Just have them as a second—the same idea: the staffing levels, the amount spent, but separate those two groups.

Mr. Ron Sapsford: I nod yes. What we will have to do to get that, I'm not sure. I'm almost certain we don't have it immediately available, so it may mean that we've got to go back out through the LHIN to the actual provider, get that information directly and assemble it. Just so you're aware, that potentially is the process we'll go through.

M^{me} France Gélinas: Okay. I know you provided that to me last year.

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: Okay, thank you. The next one has to do with AHACs, aboriginal health access centres. My opening question is the same: Is AHAC a model that you intend to keep in the future?

Mr. Ron Sapsford: Yes, the government policy remains committed to it. Aboriginal health service delivery is an important issue for the Ministry of Health, both in the north and in urban areas. We found the AHAC model to be very successful. It puts the governance and management of those kinds of services in the aboriginal community, and their results are very good, so I don't see any change to the current policy on that.

M^{me} France Gélinas: That's good news. You know that they're having issues with pay equity, where they don't get funded the same amount for the same practitioner, so the line budget for their nursing is not the same as you get in a CHC? This becomes even more of a gap when you talk about nurse practitioners. Is there any work within the ministry to bring parity to salaries of professionals, including specifically nurses and nurse practitioners?

Mr. Ron Sapsford: The ministry does not negotiate salaries and wages for these agencies. We provide the funding base, usually on proposals that they submit. Sometimes after the fact, people discover these particular problems. I want to make it clear: The ministry doesn't have a fixed policy position that all salaries are the same, because the individual providers are responsible for the hiring and management of their own staff and their own salary administration policy.

We are aware, though, that across the health system there are differences. As I said earlier, the whole issue of integration and how we manage cross-organization consolidation is a similar issue to this one. I'm aware of it. I don't have an answer for you that the ministry is moving

to correct a perceived imbalance, but certainly we're looking at those sorts of issues.

M^{me} France Gélinas: Thank you. My next line of questioning has to do with oral health and the \$45 million that was announced to be spent to increase access to dental services. I want to know how much of that money has flowed and how long before the rest of it flows.

Hon. Deborah Matthews: Let me respond to this one. Again, the deputy may well add to that.

This is an issue that I have been focused on from my work in children and youth and on the poverty reduction front, because it is a component of the poverty reduction strategy.

Through the Ministry of Health Promotion, we've expanded CINOT up to age 18, and it now covers more procedures for children in need of treatment.

We remain committed to the implementation of dental programs for low-income kids. I think it's safe to say that we're continuing to work through some of the implications of that.

M^{me} France Gélinas: Deputy or Minister, any idea when the money will flow? There is \$10 million that did go to CINOT. There's still \$35 million out of the \$45 million that was promised, but I cannot see any expenses anywhere within your ministry to show that this money has actually flowed.

I realize that there are five ministries that handle dental care. Is there a lead ministry, and is that you?

Hon. Deborah Matthews: Yes, the lead ministry for this program is the Ministry of Health and Long-Term Care.

M^{me} France Gélinas: It's the Ministry of Health? Can you answer my question as to how much of the money will flow?

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Mr. Ron Sapsford: The allocation for this year, whether it all goes this year, at the point we're at, I'm not sure. The second phase of the program required basically a new program intervention. Unlike CINOT, where we had an existing program and we're simply expanding the age, we're actually looking at different models of delivering the second phase of it. So the focus for most of this program will be on public health units, in some cases CHCs, but in many cases that involved creating space: dental suites, chairs and questions about how the allocations would be managed across the province to get a fair allocation. In some parts of the province, there were suggestions about travelling dental vans as opposed to people coming to a single location.

Those were some of the factors taken into consideration. Allison can probably tell us where the specific parts of the implementation are at this point.

The Chair (Mr. Garfield Dunlop): Your name, please, ma'am?

Ms. Allison Stuart: Allison Stuart, acting assistant deputy minister, public health division, Ministry of Health. In terms of this next phase of the program that the deputy was talking about, we have sent out to all of the health units a template for them to make a business

proposal back to us in terms of how they would like to work with services that are in existence in their communities to address this need. Our expectation was that the feedback on these proposals would be in by the end of November. We're having to look at that just from a logistics perspective because of H1N1 and everybody focusing on that. If, however, they were able to get it in by the end of November, then the work plan has money being released this fiscal year.

M^{me} France Gélinas: Have some of the health units or maybe CHCs started to receive money so they can buy dental chairs and do that kind of work, or has none of the money flown?

Ms. Allison Stuart: The money has not flown—flowed—

M^{me} France Gélinas: Sorry.

Interjection.

Ms. Allison Stuart: —or flown—for the dental chairs and so on. That's part of what they'll be submitting back in terms of what equipment they need and want to address how they're seeing it happen in their community, and as the deputy mentioned, some may choose to go with a mobile van—those sorts of things.

M^{me} France Gélinas: So the answer to my question is, the money has not gone?

Ms. Allison Stuart: That's correct.

M^{me} France Gélinas: Okay.

Hon. Deborah Matthews: But if I could just add, on the same topic, as you know, I'm sure kids whose parents are on social assistance have dental coverage now, and I think that the initiative to move forward to dental coverage for all low-income kids is a major step forward.

M^{me} France Gélinas: Absolutely. I would like to extend it one more step to where adults with dental needs who are not on social assistance also get access. Is this in the cards at all, or is this something you—

Hon. Deborah Matthews: Let me just say that it's something that, of course, I would love to see, but it is not in the fiscal plan at this moment. But as you know, in our poverty reduction strategy, we're committed every five years to going back to develop new initiatives—or the government of the day will go out and consult—and it may well be that that might be a component of a future poverty reduction strategy. But in this case, we are looking at better dental care for kids.

M^{me} France Gélinas: Thank you. My next question has to do with breastfeeding, and I understand some of it goes to the Ministry of Health Promotion but some of it comes to you as well. I know that the Ministry of Health Promotion is working with the health units to start developing a breastfeeding strategy, and I'm hopeful, anyway, that it has happened. Has the public health unit been contacted? What stage of the process are they at? Are there resources allocated to roll out a breastfeeding strategy in Ontario?

Hon. Deborah Matthews: That is in the Ministry of Health Promotion, but I do want to commend you for your advocacy on this issue. I know you've been

speaking to that since you were first elected, and I have a feeling you won't be stopping any time soon.

M^{me} France Gélinas: Yes, and not going anywhere fast.

If it was the health units going ahead with implementing a strategy, the money would come from health promotion; it wouldn't come from health?

Hon. Deborah Matthews: That's correct.

M^{me} France Gélinas: That's correct? Okay.

I'd like to know: Will the funding announcement for the late care nursing initiative for 2009-10—where are we at with this?

Mr. Ron Sapsford: I'll ask Dr. Pepper to speak.

Dr. Joshua Pepper: Thank you very much for the opportunity. A couple of things: In previous years, we haven't had the ability to evaluate the success of this program very well to assess its effectiveness. It has been a program that's been around for a number of years, as you know. But our ability to know what benefit it was having in what different sectors and how to improve it has been unclear from the evaluations to date. We worked with the sector and with the nursing representatives to develop a more robust evaluation system, with research expertise in the nursing field to develop that.

We then also looked at last year's program and made some better refinements to collect better data in the application process and then opened an application process online to the field. The application process has now been closed and we are in the process of vetting the applications and will be prepared in a short time to present to the deputy and then to the minister a list of possible recipients—institutions and the individuals within those institutions who could be funded through this program.

M^{me} France Gélinas: Can I have a list of the funding by area for this initiative that has flow—I'm not using the right—

Dr. Joshua Pepper: In previous?

M^{me} France Gélinas: Yeah.

Dr. Joshua Pepper: Sure.

M^{me} France Gélinas: It's "flowed"?

Dr. Joshua Pepper: Flowed, yes. In previous years?

M^{me} France Gélinas: Sure. Thank you. I may need you again.

There are a number of reports regarding nursing. I know that the Ministry of Health and MTCU are reviewing a report that provides a potential work plan for a nursing education review. I wanted to know if I can get access to those reports. There are also the results of the Ministry of Health's HHR study that examines the supply and demand issues. Are those documents that you can share with us?

Dr. Joshua Pepper: You're correct. There are two separate reports. They were actually organized by the same nursing expert, Dr. Gail Tomblin Murphy from Nova Scotia, a recognized expert in this who has also done work nationally and internationally in this area. The education document was an extremely high-level scoping to assess whether there could or should be further work

done to look more in depth at this area. The other document, which has been commissioned out of health alone and not jointly through the ministries, has not yet been completed. I believe I will have it probably by mid-November, in two weeks, for review. I've seen a preliminary only at this time.

M^{me} France Gélinas: Are you at liberty to share any of those reports with me? As well, are there any other reports that deal with nursing staffing numbers, either by classification or by sectors of Ontario's health care system that you could share—

Dr. Joshua Pepper: Within the province of Ontario those would be the two predominant ones, and mainly the one that will soon be received. Again, the one that was jointly commissioned through TCU and health is extremely high-level and was mainly done to assess whether or not—

M^{me} France Gélinas: But can I have a copy?

Dr. Joshua Pepper: We should be able to provide you a copy. I will work with my colleagues at TCU as well.

M^{me} France Gélinas: When the other one comes forward, is this a document that you would be at liberty to share?

Dr. Joshua Pepper: I believe so. I haven't seen it yet, so I would need to discuss it with my deputy.

M^{me} France Gélinas: Okay. Let me know one way or another if you can share it.

Dr. Joshua Pepper: Absolutely.

M^{me} France Gélinas: You may not want to go away.

Dr. Joshua Pepper: I may wish to go away, but I may not be able to.

Laughter.

M^{me} France Gélinas: All right. I don't feel really warm and fuzzy, but I'll keep on going.

The Chair (Mr. Garfield Dunlop): You have five minutes left.

M^{me} France Gélinas: The number of nursing positions that were created in 2008-09: Can I have that number?

Dr. Joshua Pepper: Absolutely. If you give me 30 seconds, it's right on the seat. But I can give it to you broken down. I have it with me.

M^{me} France Gélinas: And can we have it for what has been created so far in 2009-10?

Dr. Joshua Pepper: If you give me 20 seconds, I can get that for you.

M^{me} France Gélinas: And while you're at it, any projections for 2010-11 and how many of them will be full-time.

1700

Dr. Joshua Pepper: To your last question, it will again depend on the fiscal situation and the allocation of funds, so that would be harder for me to speak to. If you give me 20 seconds, I can answer the first two.

M^{me} France Gélinas: All right. Do you keep track of how many nursing positions are full-time?

Dr. Joshua Pepper: Yes, we do. We do that in a number of different ways. One is through the college of nurses database, which is available online. Actually, it's a

fantastic website and has a lot of data. We also are able to collect it through a series of other data mechanisms, sector by sector. We have both some full-time and part-time; some of it is reported by hours.

In response to your first question, in 2008-09 there was a total of 737 positions that were created. In 2009-10 to date, there are 410, but we are confident that we will, by the end of this fiscal year, meet the budget commitment to over 900.

M^{me} France Gélinas: I can look up the college of nurses website. I would be more interested in the numbers that you collect outside of the college of nurses on the number of full-time nursing positions.

Dr. Joshua Tepper: Again, as an overall percentage, I believe we are now at 64%, which is an increase from about 59% a few years ago. I can get you the RN-to-RPN variation in that number.

M^{me} France Gélinas: Sounds good. Thank you.

Dr. Joshua Tepper: My pleasure.

M^{me} France Gélinas: How much funding has been allocated to the new graduate full-time job guarantee this year, in 2009-10?

Dr. Joshua Tepper: It's approximately \$78 million to the new graduate guarantee in this year.

M^{me} France Gélinas: And all of this has been spent?

Dr. Joshua Tepper: It will all be spent, because nurses graduate at approximately four different time periods during the year, particularly RPNs. The vast majority of RNs graduate in one springtime period; there are one or two smaller graduating classes. But RPN graduations are actually spread out quite consistently throughout the year, so what happens is, after they graduate, they actually have a period of time when they can take a few minutes or take a breath, recover from exams and settle down before they actually have to go through the process of applying and matching through the process.

Once they apply, they have up to three months of funding, so again, depending on when they graduate, how much time they choose to use before entering the program and then how much of the time allocated—some of them bridge much earlier, and some of them take the full time—the money will flow accordingly. The money is not fully expended at this point in time, but our prediction, consistent with each year of the program, is that it will be fully expended by the end of the fiscal year.

The Chair (Mr. Garfield Dunlop): You've got time for one quick question.

M^{me} France Gélinas: One quick question.

The Chair (Mr. Garfield Dunlop): You've got just about a minute left.

M^{me} France Gélinas: Then I'm just going to ask a whole bunch of questions that you can give me the answers to in writing. How many new FHTs are coming online? How many do we have now? How many have been approved? You've just had an RFP for how many?

What is the spending budget for the FHTs, the family health teams, that are operating right now? Here again, I would like it broken down by categories of workers: how

much for physicians, how much for nursing, different types of nursing etc., the breakdown of the staff.

I would also like any documents on salary parity for the same professionals. Let's start with nurse practitioners: any document that talks to salary parity between hospitals, AHACs, community health centres, FHTs. Let's start with nurse practitioners and nurses. If I have those, I will be on the right path.

Are any nurse practitioners being paid through OHIP—through fee-for-service—or are they all on salary? They're all on salary? Okay. I would like to know the total number of nurse practitioners working and what sectors they work in and how much money we spend within those different sectors.

The last question is: Is the ministry interested in having nurse practitioners treat and discharge patients from in-patient facilities? That would require a change to the hospital act, I take it. Is this something that your ministry is considering or is interested in?

The Chair (Mr. Garfield Dunlop): Okay. Thank you very much. You've got those questions. We'll now go to the government members. Mr. Sousa, you've got 20 minutes.

Mr. Charles Sousa: We did talk a little bit about the doctors at the last go-round, so I want to expand a little bit more on the nurse practitioners. A number of the aging facilities, seniors' homes and so forth in my riding are operating well. They're certainly at capacity, and many of the families and so forth have expressed the desire to reassess and attract more of those nurse practitioners. It's not just a matter of the quantity of time they're looking for, but it's also that quality of time.

I guess, based on your stats, you have issues as to how long certain residents need their respective care, but of course everyone is different and every situation is different. I wanted you to elaborate, if you may, on the degree of attraction for these nurse practitioners and what we are doing to enable them to provide the appropriate level of care in those nursing homes, and then I can go on to something else at this point.

Hon. Deborah Matthews: Your question was specifically about nurse practitioners in long-term care homes?

Mr. Charles Sousa: Correct.

Mr. Ron Sapsford: There currently isn't a complement per se of nurse practitioners in homes. I think where they tend to be used is on the hospital side, sending nurses out to long-term care homes when people get sick, as I said earlier. That generally requires an advanced skill in nursing, and to the degree that we have registered nurse practitioners with geriatric specialty or sometimes internal medicine, these would be the nurses that would be used for that particular purpose. I don't remember the exact allocation, but there were positions allocated based on the size of the area and the number of homes and so forth.

If you turn to the question of nurse practitioners in terms of the primary care questions, which is really more about where our formal nurse practitioner teams are

being put into place—the one in Sudbury was mentioned earlier—they're the model in terms of future placement and demand for service. We've tried to assess population and need in a couple of ways: first, obviously anecdotally, where we receive a lot of concern from communities about lack of access to primary health care practitioners. As well, the ministry started a program called Health Care Connect a year or so ago, which is a phone-in or online way for people to say, "I need a family practitioner," or "I need a primary care practitioner," and through nurses at the CCACs they're actually providing linkages with practitioners who are able to take on care.

We're also using that information community by community to establish where the greater need is. If in a particular community we have a lot of requests for referrals through Health Care Connect, that's another indication that this is perhaps a community where we need to put the next team, whether it's a family health team or a nurse practitioner team.

This new measurement tool is an active way to actually move people to care, but also to assist the ministry and the government in determining where the new ones which are in the budget going forward should actually be placed so that we can satisfy the greatest need.

I don't know whether Dr. Tepper has anything to add.

Dr. Joshua Tepper: There are perhaps two other things that I might add. One is that we've consistently increased the training positions. They've gone from 75 to 150 to 168 last year to 186 this year, and we'll be at 200 shortly. Just increasing the capacity and the number has been very helpful, but beyond that we've really worked hard to make sure that the educational program is preparing people and allowing people to be learning in their home situations or in their home communities, particularly in rural and smaller centres as well.

We have a grow-your-own nurse practitioner program which has been quite successful in allowing nurses to come from the local community to go back to school with financial support, with some support for backfilling and then to complete their training, which allows the community then not to feel their losses as deeply and also to have greater security that the nurses will come back. That's a bit of a first in Canada and has been quite successful.

1710

Finally, the deputy spoke in detail about some of the modelling. Ontario is also the only jurisdiction to have an NP-based HHR model. We used a national model and purchased it for Ontario, and then used Ontario-based data in order to run different assumptions, which has also been helpful working with multiple providers to understand better under different scenarios where we might have the best application and use.

Mr. Charles Sousa: Can you elaborate a little—sorry, Minister.

Hon. Deborah Matthews: I was just going to add that I think the position of nurse practitioner is one that is really gaining a lot of credibility in the sector. I think we've actually doubled the number of nurse practitioners. I think we have about 1,300?

Dr. Joshua Tepper: Just under 1,000.

Hon. Deborah Matthews: Just under 1,000 nurse practitioners?

Dr. Joshua Tepper: Primary care nurse practitioners.

Hon. Deborah Matthews: And nurse care practitioners in total? I'm sorry; I'm not supposed to be asking you questions here, am I?

Dr. Joshua Tepper: Friendly fire.

Hon. Deborah Matthews: We've really seen an expansion in the number of nurse practitioners, and as a result, I think that there are a lot of opportunities to continue to explore where a nurse practitioner can actually do the right job.

Mr. Charles Sousa: Can you elaborate also now a little bit on the patient safety initiative? I'm just wondering if the initiative is just about reporting infection rates on our website or on the government website, or is there more to it than that? Is it having an actual impact on safety? And do you have stats to back up the initiative?

Mr. Ron Sapsford: Yes. It's an important initiative, and I think the decision of the government to make the results of these safety indicators public is a great stimulant for hospitals, in this case, to look at the issues of safety. Not to say they haven't, but in any case, when you're reporting information, people pay a different kind of attention to it.

The safety indicators that were used—I don't remember all of them, but three of them were related to infections, such as ventilator infections in intensive care units and infection rates. Here they are: C. difficile; MRSA, which is methicillin-resistant staphylococcus aureus; the standardized mortality rate ratios, so death rates, which is a program managed by the Canadian Institute of Health Information—this is a national system of comparing death rates in hospitals; hand hygiene compliance; central-line infection rates—that would be patients in ICUs; the surgical site infection prevention rates; and the surgical safety checklist. Those are the nine identified areas.

There are standard best practices behind each one of these. So in order to get better results, it implies that the hospital has to take very specific actions. Many of these are well-researched, out of mostly US literature; I think it's the Patient Safety Institute, and in Canada it's a program called Safer Healthcare Now. These are the kinds of standards where one can show great progress in the quality of care and patient safety in institutions. Taken all together, it's not just publicly posting them; it's identifying what those measures are so that everyone is aware and giving hospitals and clinical staff the time to work on the process and the tools that are necessary to see improvements.

Just as an example, C. difficile rates, after posting a year or so ago, dropped markedly all across the province, and we're at a very low rate of infection now. I'm not aware of the details on each one of these, but we could certainly get the most recent results. But as I say, it's posted on public websites, so the detail is freely available.

Mr. Charles Sousa: Thank you.

The Chair (Mr. Garfield Dunlop): Mr. Ramal?

Mr. Khalil Ramal: How much time do we have left?

The Chair (Mr. Garfield Dunlop): Ten minutes.

Mr. Khalil Ramal: Ten minutes? Okay.

Welcome, Dr. Matthews. These are very important issues that we've been debating today, and thank you for coming before our committee to answer our questions and educate us on many different complexities and issues and on things you as the Minister of Health and the Ministry of Health have done since we were elected to office in 2003.

You talked yesterday about waiting times in the ER. As you know, many people go to the ER because they don't have a family doctor. Plugging the ER costs the system a lot of money. You spoke about initiatives that happened in London to make the whole thing faster and quicker. Are you trying to apply this model, which you already implemented in London, across the province of Ontario in order to speed up patient service?

I know my colleague on my right side here asked questions about family doctors and foreign-trained international doctors. You talk about the nurse practitioners who have taken many different initiatives and expanded their role to be able to do more work in many different communities, especially in the rural areas. What's your plan overall to speed up the procedures and apply it across the province of Ontario in order to reduce the waiting times more?

As you know, yesterday through your videotape you said that we've made a lot of progress on many different fronts, especially cataract surgery, hip and knee replacements, MRIs and many, many others. There are still many other procedures not being speeded up, and many people wait for months and years to be able to see a specialist doctor in order to deal with their issues and their concerns. What are you doing in this regard and how can you see it in the future being applied across the province of Ontario?

Hon. Deborah Matthews: First, let me make it clear that my doctorate is not a medical doctorate; it's a Ph.D like yours. So just in case anyone thinks I might be able to perform any particular procedure, I can't.

Mr. Khalil Ramal: According to the law, I guess we can call you a doctor.

Hon. Deborah Matthews: Thank you.

The whole issue of wait times is fundamental to the confidence that people have in our health care system in Ontario. I am enormously proud of the health care system that we have built here, and the more debate I see about health care south of the border, the more I think Ontarians really value the health care system that has been built here since—when would we call the beginning of this health care system, OHIP in the 1960s? Yes? I just think that over the past 50 years, governments have made decisions that have served to either strengthen our health care system or let it deteriorate. As I see what's happening south of the border—and I think all of us are seeing stories about how people are not served by the health

care system there—I just become more fiercely protective and determined to build confidence in the health care system here.

What I hear over and over again is that people are very, very pleased with the quality of health care that they get in Ontario. I hear over and over again—I'm sure everyone else does—that people got great care. The problem, though, was access to that care. It was how long they had to wait before they got the service.

As a government, we focused on improving wait times for five key procedures, and we have demonstrated beyond a shadow of a doubt that when a government makes that a priority where we actually measure our progress, where we actually show how we're going to measure our process and then publicly report on it and make the right strategic investments, we really can make a difference.

As a result, I think there is an enhanced confidence in the health care system. We hear less and less about privatization in Ontario, we hear less and less about moving to a two-tiered system, and I think it is in large part because people now have more confidence that the health care they need will be there when they need it. It has been one of the true successes of our time in office so far.

Having said that, we're not there yet. We have demonstrated that we can make measurable and quite dramatic improvement when we put our mind to it. We did expand our wait time strategy to include pediatric surgery. Again, as I look through the website—and I encourage anyone to actually do the same and to look at the website—I think we still have much to do when it comes to pediatric wait times. We've made good progress but we're not there yet.

1720

Tackling ER and ALC is really a very, very big step forward. You've talked about access to primary care. When people don't have a family doctor or that primary care, they do turn to the emergency rooms, because when they are sick, they need help. The fact that we've increased the number of Ontarians with primary care by 800,000—almost a million more people now have access to primary care than did before—clearly will have taken some pressure off the emergency rooms. But again, there's so much more to do. We've set a target of four hours as the length of stay in an emergency room—that's our target, that 90% of people will be out and headed back home within four hours of arriving at the emergency room—if they have a less complicated health issue. We've set eight hours as the target province-wide: 90% of people with more complicated health care needs will be either admitted to the hospital, if they need to be, or on their way back to home or somewhere else within eight hours.

A number of different strategies are required to make that work, to meet those objectives. We are starting to see improvements, but we have a ways to go before we get there.

I can tell you, we're committed to continuing to make the investments we need to do—investments in dollars and, more important, in the integration of services. The

fiscal reality is that this is not just a temporary situation. Moving forward, we're going to have to get more value for the dollars that we spend in health care and in other government services. So getting that integrated service, where patients get what they need when they need it, with the right combination of services, is really going to allow us to have a sustainable health care system.

I keep saying that as our population ages, the demands on our health care system are going to get much, much greater. So if we want the system to be there for our generation and for our children's generation, we're really going to have to make the right choices, the smart choices, and invest in the kinds of things that we've been talking about over the last couple of days.

The Chair (Mr. Garfield Dunlop): You've got about 30 seconds.

Mr. Khalil Ramal: I want to thank the minister for coming before this committee and wish her luck with her new portfolio. I think you're going to do an excellent job, and hopefully you can help us, as citizens of this province, and lead us on the right path.

Hon. Deborah Matthews: Thank you.

The Chair (Mr. Garfield Dunlop): Now we go to Ms. Witmer for 20 minutes.

Mrs. Elizabeth Witmer: Thank you very much, Mr. Chair. I would certainly agree: I think we do have an outstanding health care system in the province of Ontario. I think we should be proud of what different governments have attempted to do. I think everybody tries to do what's right on behalf of the people. But the costs and the aging population are going to create some stress as we move forward, and it will be a challenge.

I can remember my daughter having some American friends over one time. They'd come up for Thanksgiving and they were saying their system was so superior. I realized she had overheard me, because she gave quite a passionate defence of our system as opposed to theirs. But anyway, we'll all continue to do what we can. The needs, the demands, are there, and we'll move forward.

I have a couple of questions of you which I'll ask you to respond to verbally, and a few others. I have a lengthy issue that I want to deal with, and for most of those I would just ask for a written response.

The first topic I want to ask you about would be: When was the last time that the employees within the ministry were informed about their rights and protections under the whistle-blower legislation, or was that ever done?

Mr. Ron Sapsford: Yes, it would have been done at the time, because all ministries responded to that implementation. In terms of staff education, I know it's raised on orientation. We've had a couple of cases where, in fact, employees have resorted to that and it was dealt with effectively, so I know it has been used.

In the cases I'm aware of where the ministry was required to respond, we responded to the commissioner, I believe, and the problems were resolved.

Mrs. Elizabeth Witmer: I guess as a follow-up question, then, were the ministry employees asked at any

time to share possible conflicts of interest? Would they be at any time asked to do that, or again, is that part of the hiring or—

Mr. Ron Sapsford: To my knowledge, not directly. I know that where people are called upon to make decisions where there might be a conflict, the expectation is that that would be declared, yes.

Mrs. Elizabeth Witmer: I ask the question based on the fact that as an elected official, whether it's as a trustee of a board, which I used to be, or as an MPP, and particularly in cabinet, you of course are made aware of the fact that if you have a conflict, you need to declare it. I just wondered if that happened within the—

Mr. Ron Sapsford: People who are in positions to make decisions where one would be concerned about those sorts of conflicts are well aware of it. It's also an important consideration when people leave the public service—

Mrs. Elizabeth Witmer: That's right.

Mr. Ron Sapsford: —because that can give rise to potential conflicts on the outside. I know that in those circumstances, that's carefully documented and people are given guidance about what to avoid and where conflicts need to be declared.

Conflicts are quite a routine request to the deputy minister's office where employees are engaged in activity outside of work, and often the request comes, "Is this is a conflict?" or, "I would like to declare a conflict. What should I do about it?"

Sometimes it's not just a conflict but also the perception of conflict, so there are sometimes detailed instructions back to employees in those situations, not to say, "You can't do that activity," or, "Stop doing it," but, "If you're going to engage in it, here are the things you have to do when you're engaged in that activity." So the conflict piece is quite a common declaration.

Mrs. Elizabeth Witmer: Yes. And you're right. You mentioned the perception. Oftentimes, perception is reality. Thank you very much.

Now I'm going to turn to one of the topics that I would say has always been near and dear to my heart, and that is long-term care. I guess this is where we start to find some of the challenges with the aging population, the increased needs that they have and the complexity of the residents in long-term-care homes. I don't anticipate that you're going to be able to provide me with responses, but I am extremely interested in the responses. I would hope, and I have no doubt, that members of this committee are as well; certainly my colleague, who is now the critic for health. I'd appreciate it if you could respond in writing.

I just want to take a look at this year. Again, you can provide a written response. The ministry did find \$43.5 million in its budget to partially address a five-year erosion in funding for housekeeping, laundry, maintenance and other services that help to maintain a long-term-care home's capacity to provide residents with the quality of care and the living experience that they need and deserve. I just want to ask the minister if she could

confirm that this funding is going to be retained in 2010 and beyond, or are homes going to be forced to reduce those services and increase the risks everywhere from infection control to the home's ability to provide the higher care levels required to move the patients out of the hospitals?

1730

Mr. Ron Sapsford: The \$43 million that you mention was a one-time allocation.

Mrs. Elizabeth Witmer: So there's no guarantee for 2010, Deputy?

Mr. Ron Sapsford: The question will be put into our estimates process this year, and the decision then would come from the government's budget considerations. In the current year at least, apart from that one, there were also increases in the acuity fund, where money is allocated based on relative acuity, where, in some homes, you may have a larger group of patients or residents who need more care. There was a \$40-million stabilization amount. There were also monies to annualize the increase for personal support workers that were put into place the year before and some additional money to increase the comfort allowance for residents as well. On top of that was the \$40 million that you've mentioned.

Mrs. Elizabeth Witmer: The \$43.5 million, yes. So I hear you say that there's no guarantee, but it would be something that you would put into your request for next year. Okay.

The next issue: I've asked about it before in the home care sector, but this new harmonized sales tax is going to add over \$14 million in additional annual operating costs to some of the 360 long-term-care homes after the province's other tax measures have been accounted for. Basically, this is a new tax on the services provided to the 40,000 residents who live in the homes that are operated by the private sector. Because of the sector's funding framework, operators don't have any opportunity to recoup these additional costs. If they can't, we'll probably see service reductions in these homes—on average, perhaps one full-time position, I'm being told.

Will the minister commit to ensuring that the new tax does not create inequities in the service provided to residents based on whether they live in private sector homes or public sector homes and extend the MUSH sector protection to all the long-term-care homes, not just the public sector ones? I would hope your answer would be yes.

Hon. Deborah Matthews: Let me tell you that, of course, an HST question has to be referred to the Minister of Finance or the Minister of Revenue.

Mrs. Elizabeth Witmer: Right, and we haven't even passed the legislation yet.

Hon. Deborah Matthews: No, we haven't yet. I think the implications of this shift in taxation are going to play out differently in different sectors. We are obviously committed to improving services for people in long-term-care homes. I can't speak directly to the issue that you've raised, but we're committed to improving services.

Mrs. Elizabeth Witmer: I certainly hope, Minister, that you'll do everything you can, because the loss of one more position in a home could certainly have a devastating impact as that population ages and they have more complex care needs.

The next one is the 2008 budget, which committed to funding 2,400 additional personal support workers over three years and 2,000 more nurses over four years in long-term-care homes. We know that about one third of the PSWs were funded in 2008, but we also know that no new positions have been added this year. There have also been about 600 new nursing positions added in conjunction with the implementation of the MDS/RAI care planning system. The question is, when will the rest of the personal support workers and nurses be funded? When will those positions that were promised be funded?

Mr. Ron Sapsford: Some of the monies I referred to earlier were to provide for that. There was money for annualization of that. In terms of the subsequent years, I can't answer that directly, but certainly we'll get that information for you.

Mrs. Elizabeth Witmer: Okay. Because that commitment was made in 2008, and I think there was an anticipation that the money would have flowed by now, and those positions are badly needed. So I'd appreciate it if you could follow up.

The next one is beds. Only about 5,500 beds were applied for under the first phase of the capital renewal program. We have to renew 35,000 older long-term-care beds. This was below what the ministry's target was, which I understand was 7,000 beds, and obviously reflects the fact that the program's funding framework isn't working.

I ask you, Minister, and I'm not looking for a response today: Would you commit to reviewing this? And would you look to establishing a funding framework that would actually respond to the economic realities in the long-term-care sector? That would be my request.

The next one is: The ministry is now aware that additional beds are required for project viability under the capital renewal program, and that such beds do provide the potential for local ALC solutions. Again, I would just ask the minister to commit to ensuring that this viability is achieved through maximum flexibility for existing bed movement between the LHINs and/or the strategic addition of new beds. It's an issue that I hope you will take a look at.

I want to now take a look at the act, and maybe somebody could answer this one: When will the new Long-Term Care Homes Act and the regulations finally be proclaimed? Do we have a date?

Mr. Ron Sapsford: We're targeting early next year.

Mrs. Elizabeth Witmer: In 2010?

Mr. Ron Sapsford: In 2010. The development of the regulations—as you remember, this new piece of legislation merges three prior pieces of legislation.

Mrs. Elizabeth Witmer: Yes.

Mr. Ron Sapsford: So the regulatory development has been very complicated. We initially thought it could

be done at once. There was then a decision to put it into two phases in order to manage the process. The first phase is now finished and regulations are completed.

The second phase dealt more with the care requirements. Those regulations were developed. They've been publicly posted. The time for public posting has now finished and we've had a significant response. In some of the responses, it's clear that we're going to have to rethink a few parts of the regulations, based on that feedback.

So initially the time frame was for early in the new year. We're sort of in that time frame, depending upon how much additional work we have to do as a result of the public consultation. But it's on track.

At the same time the ministry is looking at changes in its inspection protocols, to be consistent with the new model that's being put forward.

Mrs. Elizabeth Witmer: I guess, along with that, the Long-Term Care Homes Act and the accompanying regulations are going to increase the operating costs for homes in areas like dietary staffing, dietitian time, changes in the bed thresholds for administrator and director of nursing and personal care coverage in small homes, as well as the costs of transitioning to what we've just talked about, this new regulatory framework.

I just would like you to consider this and, hopefully, be able to respond in writing: Would the minister confirm that these additional costs are going to be funded, and that homes are not going to be forced to reduce their existing care and services if they're going to be given new legislative and regulatory requirements? I just would say to you: This is a concern for homes.

I'll go on here. In 2004, the ministry committed to work with the long-term-care sector to find a long-term solution to the inequities in care and service delivery capacity of long-term-care homes based on the differences in the property tax treatment. That has been an issue. Some homes pay property tax and others don't, even though all homes receive the same level of funding. Again, I would just ask the minister to commit to making this a priority, and if she would work with her colleagues in finance and elsewhere to find a resolution to that particular issue.

The next one: Given the human resource issues that are impacting all of health care—and, of course, particularly long-term care—I hope that the minister will ensure that Bill 168 does move through as quickly as possible.

I want to move now to long-term-care homes, but also to the drug benefit.

1740

The Chair (Mr. Garfield Dunlop): You've got about three minutes left, by the way.

Mrs. Elizabeth Witmer: Okay. The ministry should be aware that the current Ontario drug benefit program review has significant risks for the delivery of pharmacy services in long-term-care homes, including the ability for homes to meet the regulatory provisions of the new Long-Term Care Homes Act. I'd just ask the minister to prepare a written response, to demonstrate that she's

going to ensure that as a result of this review, pharmacists remain incented to deliver quality pharmacy services in the homes and that homes are supported in meeting their regulatory requirements.

As you can appreciate, long-term-care homes do have lots of questions that remain unanswered. This is sometimes a neglected part of our health care system. These people don't protest; they're not out on the front lawn. But their needs are increasing, and I would just personally ask you, Minister, to commit your attention and do what you can.

In conclusion—

The Chair (Mr. Garfield Dunlop): You've still got about two minutes.

Mrs. Elizabeth Witmer: I've got two minutes.

The Chair (Mr. Garfield Dunlop): Yes.

Mrs. Elizabeth Witmer: Well, in my two minutes, I have lots more questions I could ask, but anyway, I do thank you for appearing here, Minister. I think you're off to a good start.

I just want to thank the staff of the ministry. I know that you face very challenging times from time to time. We certainly went through them when I was there. I do appreciate the commitment, dedication and the hard work of everybody.

Hon. Deborah Matthews: Thank you very much.

The Chair (Mr. Garfield Dunlop): Thank you very much, Ms. Witmer. We'll now move over to the—

Interjection: Fifteen minutes.

The Chair (Mr. Garfield Dunlop): About fifteen minutes, then, before the vote, okay? You go ahead. We'll tell you when—

M^{me} France Gélinas: We'll get started. I also want to keep on asking questions on long-term care. The first one is: Can I have a copy of the 2009 template service agreement document for long-term-care homes?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: Thank you. How many homes have not yet signed the 2009 service agreement, and can I have the names of those homes that have not signed their 2009 service agreement?

Mr. Ron Sapsford: I suppose that we would have to go out—we'll do our best, yes.

M^{me} France Gélinas: Okay. If it comes by LHINs, it's fine too.

Mr. Ron Sapsford: Okay.

M^{me} France Gélinas: Is the ministry still requiring quarterly staffing reports from long-term-care homes?

Mr. Ron Sapsford: It's not quarterly. If I'm not mistaken, it's semi-annual. And yes, we are. Some of the problems in getting the data and getting it organized are still with us. But yes, the program continues.

M^{me} France Gélinas: So they will be covering a six-month period?

Mr. Ron Sapsford: I believe that's the reporting period, yes.

M^{me} France Gélinas: When was the most recent staffing report? What is it dated and what period of time does it cover?

Mr. Ron Sapsford: I believe we have until the end of fiscal 2008, but we're just in the midst of refining the 2009 data.

M^{me} France Gélinas: Okay, because—

Mr. Ron Sapsford: It would be for the first part of the fiscal year 2009.

M^{me} France Gélinas: So it would be to March 31, 2008?

Mr. Ron Sapsford: Yes, I believe that's right.

M^{me} France Gélinas: When the new computer system is in place—the long name escapes me but it will come back to me—will we continue to have staffing reports? Will they be for the same period of time—six months? Will they be coming at a more—how can I say it?

Mr. Ron Sapsford: More regularly?

M^{me} France Gélinas: Yes.

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: They will, eh? I always have to file freedom of access of information to get those reports. Is there any intention to make those reports public? There was talk about every home reporting on their level of staffing. Are we going to go this way?

Mr. Ron Sapsford: The public reporting piece would be different. The way you're asking for the information is by category of staff and those sorts of things. I don't think we've given consideration of public reporting as part of the homes' public reporting, to that level of detail, but rather, total hours, those sorts of considerations.

M^{me} France Gélinas: So I shouldn't have brought the two together. Every quarter—because I thought they were every quarter—I submit a freedom of access of information to your ministry, asking for the staffing level. Is there any intention of ever making those documents public so I could access them without \$5?

Mr. Ron Sapsford: It's not part of our plan, no. Maybe we could give you a standing order.

M^{me} France Gélinas: Can I ask for the most recent one through estimates and save myself five bucks?

Mr. Ron Sapsford: Yes, you may.

M^{me} France Gélinas: Thank you. There has to be an easier way.

When the auditor last reviewed long-term care, he made many recommendations. One of them was, could the ministry carefully articulate the boundaries around funding envelopes? We all know that we have nursing and personal care programs, support services, raw food and other accommodation. The auditor had recommended that those be better defined. Has this work been done?

Mr. Ron Sapsford: We're in the middle of it now. We've instituted a full funding review of long-term-care home funding. You're aware that we're on a per diem with adjustments and have the envelope approach. That work is midstream right now, and I suspect sometime next year we'll be in a position to do the consultation with the field that that kind of change would mean and, one would hope, come to a new funding model.

M^{me} France Gélinas: Who is in charge of conducting this review?

Mr. Ron Sapsford: That's in our financial portfolio in the ministry.

M^{me} France Gélinas: Okay. So we will review what goes within each envelope because, from not-for-profit to for-profit, what goes into other accommodation and what goes into personal support vary greatly. There will be strict guidelines for the ministry as to—

Mr. Ron Sapsford: Yes. That's all part of the review.

M^{me} France Gélinas: That's all part of the review? Has a decision been made regarding incontinence products and in which envelope they should be?

Mr. Ron Sapsford: I don't know. I would not think so, at this point.

M^{me} France Gélinas: Okay. Because that was also a recommendation—that incontinence products be brought back to the accommodation envelope. It will be decided at the same time as the rest of it?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: Remind me of the time frame for those reviews?

Mr. Ron Sapsford: We're hoping for next year to have that work finalized, in 2010.

M^{me} France Gélinas: Oh. Can you put a month—

Mr. Ron Sapsford: I can't put a month on it. I know it's scheduled for the next fiscal year.

M^{me} France Gélinas: Okay. We can always ask you again next year.

Mr. Ron Sapsford: If you want, I'll find out more detail and report it as part of your question.

M^{me} France Gélinas: Okay; I'd love that. Thank you.

We've heard that the Ministry of Health is undertaking a review of funding of the long-term-care sector. This is the same review?

Mr. Ron Sapsford: Yes, the same thing.

M^{me} France Gélinas: Are the terms of reference of this something that you can share?

Mr. Ron Sapsford: I don't see why not, no.

Interjection.

M^{me} France Gélinas: I heard a "yes" from the—okay. I would like you to share that.

Mr. Ron Sapsford: Sure.

M^{me} France Gélinas: We know that the Ombudsman has done a report on long-term care. Has he shared that with you?

Mr. Ron Sapsford: No.

M^{me} France Gélinas: It's not at that point yet. Okay. If anybody remembers, under section 39 of the LHSIA, it calls for "a comprehensive review of this act and the regulations made under it no earlier than three years and no later than four years after this act receives royal assent." This review is to be conducted by a committee of the Legislative Assembly and is to make recommendations to the assembly within a year of the commencement of the review.

According to my trusty little calendar, it would kind of be now. Do you know if the ministry is going to go ahead and talk to the assembly about this?

Mr. Ron Sapsford: It's in active discussion right now and will be with the minister, but that will then come

forward to the House, to make a decision about how that review should be conducted. But yes, we're well aware of it, and the time frame for that review would be in the next—well, I think the wording is, it starts within a certain period. It must start within the next six or seven months.

M^{me} France Gélinas: Okay. Is it too early to tell which committee of the Legislature it's going to go to?

Mr. Ron Sapsford: That wouldn't be our decision. I don't know.

M^{me} France Gélinas: Minister, do you know?

Hon. Deborah Matthews: No.

M^{me} France Gélinas: Okay. Very good.

Coming back to the staffing report, you know that I have been asking for freedom of access so I have copies of the staffing report. It basically showed that the nursing and personal care pay per resident was at 2.836 in 2005, 2.841 in 2006 and 2.881 in 2007. So we're talking about—

Interruption.

M^{me} France Gélinas: That's the vote, isn't it? So we're talking about an increase of 2.3%, 0.1% and 1.4%, but during the same period of time, we saw funding increased to the tune of 3.4% in 2006, 4.5%—how come this disconnect? How come, when we invest so much more, we get so little in staffing levels? It doesn't seem like value for money there.

Mr. Ron Sapsford: Of course, part of the increased costs is the cost of wages, goods and services, drugs and everything else. So part of the total increase goes simply to provide the same service that we already have, and then marginal amounts to increase the number of staff.

This goes back to the question of targeting increases to very specific outcomes. The minister talked about it in terms of emergency rooms, wait times and so forth. Similarly, here, where we vote more money specifically for increases in staff, we've got to put in the measures to be able to account for it, which answers your question about the follow-up. Sometimes there's a great tension, though, between increased costs from inflation and so forth versus hiring new staff. This becomes part of the discussion between the ministry and the long-term-care field about the level of funding and how much is required to offset inflationary pressures versus new service pressures. So we—

The Chair (Mr. Garfield Dunlop): Ms. Gélinas, I think if we can cut it off there now, you'll still have 10 minutes when you start back on Tuesday morning.

With that, we'll adjourn the meeting. We'll reconvene on November 3 at 9 o'clock in the morning, and we'll start with the NDP for 10 minutes. The meeting is adjourned.

The committee adjourned at 1751.

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Clerk pro tem: William Short

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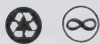
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 3 November 2009

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 3 novembre 2009

*The committee met at 0905 in room 151.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Mr. Garfield Dunlop): We'll call the meeting to order. We would like to welcome Minister Matthews and all the staff from the Ministry of Health and Long-Term Care. We have two hours and 20 minutes remaining. Ms. Gélinas is not here from the third party. She actually had 10 minutes remaining. We'll go back to her and let her have that 10 minutes after. So we will start with the government members, and you have 20 minutes. Mr. Ramal.

Mr. Khalil Ramal: Thank you, Mr. Chair, and good morning, everyone. Good morning, Minister.

Oh, I can stop.

M^{me} France Gélinas: Sorry. There was a phone call.

The Chair (Mr. Garfield Dunlop): Are you prepared to start off?

M^{me} France Gélinas: Yes.

Mr. Khalil Ramal: I was preparing myself, France.

The Chair (Mr. Garfield Dunlop): Back to the third party, and you have 10 minutes.

M^{me} France Gélinas: These are my last 10 minutes?

The Chair (Mr. Garfield Dunlop): Yes. You've got 10 minutes remaining from before.

M^{me} France Gélinas: All right. Are you guys ready?

Hon. Deborah Matthews: Yes.

M^{me} France Gélinas: In my last 10 minutes I had started to question about long-term care, and I would like to continue in long-term care. Is there any way to find out the dollar amount that was spent on agency nursing in nursing homes and homes for the aged and by classification, as in not-for-profit and for-profit homes for the aged and charitable?

Mr. Ron Sapsford: I'm not sure. We can look to see if it's reported in that category. Certainly we would know by category of professional, but whether it's broken down by agency, we'll check and find out for you.

M^{me} France Gélinas: Okay, because under the new, second set of regulations under Bill 140, you allow nursing homes under 129 beds to use agency nurses in smaller nursing homes, and I was wondering if this is something that you have the intention of tracking.

Mr. Ron Sapsford: The permission around agency nursing has to do with the fact that sometimes it's diffi-

cult for small homes to actually find staff, and with the requirements to cover all homes with 24-hour nursing care, sometimes they need to resort to external agency staffing.

Yes, we have the data through an annual report. So whatever we have available certainly we could make available to the committee.

M^{me} France Gélinas: Okay. So will that be solely for this 24-hour requirement that I would get the agency nursing, or for other needs that the homes may have?

Mr. Ron Sapsford: The notion is that we want to have the homes fully staffed according to the monies that are provided and making sure that there's continuity in care, but as I've said, in certain cases where they have difficulty staffing—that could be over holiday seasons; it could be just general shortages in that particular community—it's more important to have staff providing the care than not. So we can certainly keep track of it on an annual basis and make adjustments if required.

M^{me} France Gélinas: So that data will be coming. Can I have the number of nurse practitioners who work within the long-term-care sector?

Mr. Ron Sapsford: Probably, yes, that would be part of the reporting.

M^{me} France Gélinas: Would you know their method of compensation? Is it always the same or are there different methods of compensation for a nurse practitioner coming into a long-term-care home?

Mr. Ron Sapsford: Each organization or agency would establish their own salary administration levels. I'm sure that's done with regard to what nurse practitioners are paid in different settings. But decisions about specific salary levels would be decided by that employer.

0910

M^{me} France Gélinas: I'm not interested in salary levels as much as I'm interested in methods other than salaries. Would there be sessional fees? Would there be—

Mr. Ron Sapsford: Oh, I see. Not formally by policy. Most arrangements would be by salary. It wouldn't prevent an employer, though, from arranging sessional payments if it was on an infrequent basis or the nurse practitioner only performs certain roles in terms of standards and training and so forth. But again, that wouldn't be set by ministry policy; that would be an individual decision.

M^{me} France Gélinas: If you can give me the number of nurse practitioners working within the sector, and if you know if there are payment arrangements—

Mr. Ron Sapsford: If there are differences?

M^{me} France Gélinas: Yes. I would like that.

I know that where I come from, lots of long-term-care homes are having recruitment and retention issues with nurses, and that brings up the issue of the 24/7 RN requirement. Do those nursing homes or long-term-care homes have to show you the efforts they've done to try to recruit if they're not going to meet the 24/7 requirements? Do we know how many there are? Do we know in what circumstances? Do we know what they do to try to meet that requirement?

Mr. Ron Sapsford: Not on a day-by-day basis, I wouldn't suspect, but as normal inspections proceed, staffing levels and so forth are part of the review. On the submission of semi-annual staffing reports, the ministry can then determine where staffing levels may have fallen. That's a follow-up discussion with the home, and the degree to which they're putting effort into it would be certainly part of the questioning that goes on.

M^{me} France Gélinas: Do we know the number of homes that have not met the 24/7 requirement for any period of time, let's say in the last year?

Mr. Ron Sapsford: I would suspect that going back through inspection reports we could determine that, yes.

M^{me} France Gélinas: Could you share that with me?

Mr. Ron Sapsford: Sure.

M^{me} France Gélinas: Thank you.

The next one: The Joint Provincial Nursing Committee and many other people have talked about implementing wage parity as a way to help the long-term-care sector with their recruitment and retention issues, specifically for RNs. Is this something that the ministry has looked at?

Mr. Ron Sapsford: Not specifically. I think I talked last session about the general issue of wages across the health care system and some of the differences that exist. We have done some examination to understand what those differences are, but there's currently not a specific policy approach to that.

M^{me} France Gélinas: Is this something that is forthcoming? Is it being discussed?

Mr. Ron Sapsford: The ministry hasn't brought that forward as an item to the government at this point.

M^{me} France Gélinas: Do you know if, in the budget we're in right now, there is transitioning funding that is available to implement the new long-term-care regulations?

Mr. Ron Sapsford: There is a small amount, yes, for the direct implementation of the regulations.

M^{me} France Gélinas: Do you know this amount, or can you tell me how to find it?

Mr. Ron Sapsford: Let me think about it, and I'll find that for you, yes.

M^{me} France Gélinas: Is it in the big book?

Mr. Ron Sapsford: That's what I'm not sure of.

M^{me} France Gélinas: Well, if somebody knows it?

Mr. Ron Sapsford: We'll tell you.

M^{me} France Gélinas: Sounds good.

Can I have the new funding model? And when will the new—I never knew how to pronounce this—RAI/MDS residence classification system for long-term-care homes be rolled out to all of the long-term-care homes? Will the new funding model follow suit?

Mr. Ron Sapsford: I think I'll ask John McKinley, the assistant deputy minister, to speak to that.

The Chair (Mr. Garfield Dunlop): You've got a couple of minutes left for this, and then it's back to the government.

Mr. John McKinley: I'm John McKinley; I'm the assistant deputy minister, information management and investment division.

The long-term-care piece of the new funding formula will be one of the later pieces to be added to the formula. First off, we only have the approval to go and use this methodology for planning at this point in time, but we are planning to take forward the decision on use to the government relatively soon, and we will follow on with the long-term-care stuff.

What we first have to understand, to use the information that comes from the MDS/RAI tool for funding, is that we have to make sure that the quality of the information is good and it does reflect what is actually going on in the homes; so that as we translate that into funding, it's a real reflection of what's going on in the homes.

M^{me} France Gélinas: Do you have a time frame as to when this will happen?

Mr. John McKinley: Not yet. We're still implementing the classification tool in the homes. We have all of them engaged at some point. Some of them have finished the implementation of the RAI tool, but a number of homes—about half of them—still have to go through the implementation of this. It does take quite a while—several months—to do an implementation in each home.

M^{me} France Gélinas: So no time frame as to when all of the homes will be done?

Mr. John McKinley: We have an estimated time frame of—I think it's about a year from now. But that depends on how well they do in meeting their milestones, going through the process and all of the other things.

The Chair (Mr. Garfield Dunlop): Thank you very much. We'll now go to the government for 20 minutes. Mr. Ramal.

Mr. Khalil Ramal: Good morning, again, Minister. My question is about an issue dominating the national and provincial media. People are concerned about H1N1. Today I had a chance to watch CBC news, and they were talking about the national concern, with the opposition in Ottawa accusing the government of neglect and not putting plans forward in order to address this issue. Of course, the opposition in the province of Ontario—same thing. They're accusing you and the government of lack of planning and not addressing the issue properly. We see on a regular basis that the media and many people are concerned about this issue. Can you give us an update on what's going on and tell us the latest news about managing this issue?

Hon. Deborah Matthews: Yes, I certainly can. As I think people here understand, the supply of the vaccine is the responsibility of the federal government. We are really focused on getting the vaccine that we have out and into Ontarians as quickly as we possibly can. We began last week, a week ahead of schedule. We've set a target to get all of the vaccine we have—2.2 million doses—out and into Ontarians by the end of day Saturday. Our public health units across the province are working very, very hard to achieve that target. The vaccine doesn't do any good sitting in a fridge. We want to get the supply we have into people as quickly as we can. Every public health unit across the province has a strategy. They are committed to achieving that target of using their supply by the end of the week.

We are focusing on those who are the highest priority first. It's very important that people respect the priority sequencing. Our health care workers: absolutely. We need our health care workers healthy. H1N1 hits little children the hardest so we're focusing on children six months to under five years, so up to and including age four. The caregivers of people who can't get the vaccination—for example, the parent of a small baby would be in a priority group, because a baby under six months old can't get the vaccine. So we're focusing on the caregivers, and caregivers of others who, because of health conditions, can't have the vaccine. Also included in the priority group are people under age 65—unlike seasonal flu—who have chronic health care challenges. So we've got the six groups. The sixth group is people who live in remote and isolated communities, and we have made special efforts to ensure that there's enough vaccine for them in their communities.

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When it comes to the supply, we always knew that there would be some degree of uncertainty in the supply. I have to say that when we received the news last Friday that the supply for this week would be significantly lower than we had anticipated, we had to revise our plan. So instead of going to a broader group of people this week, we're keeping the focus on those in the highest-priority groups. It's very important people that respect that.

Going forward, as I say, this week—and I think we now expect the supply late in the week—we'll get that vaccine out to our public health units as quickly as we can. We are expecting a supply of the unadjuvanted vaccine—that's the vaccine for pregnant women. We are expecting a good supply of that this week, and the health units will get that out to pregnant women as quickly as they can.

I have had conversations with the federal health minister, and I've underlined the importance for the provinces of getting the news as early as we possibly can about what supply we can expect, because we need to plan for the supply. As we get more vaccine, as the supply allows, we will be rolling it out to more people across the province. I am confident we will have enough supply of vaccine for everyone in the province who needs it and wants it. Of course, everyone who needs it and

wants it, wants it now. We can't do that; we don't have the supply, but we will get it out as efficiently and as quickly as possible.

I think last week we did see some real glitches in the distribution; we saw people waiting far too long. I think we have addressed that problem. Public health units have responded to that big surge in demand, and I think what we're seeing now across the province are much shorter wait lines.

Mr. Khalil Ramal: Thank you, Minister. As you know, you set up a priority and you classified people to different levels, but still we see a chaotic situation in the communities across the province of Ontario. So what are you doing to communicate that with the people of Ontario—even though I heard a lot of messages from the media, and I listened to a panel from the United States that said that elder adults are almost immune from catching this one faster and quicker, so basically the focus is on children and babies. What are you doing to communicate that with the communities, to relax them and give them some kind of assurance that your strategy is going to work and everyone will get vaccinated, and they just have to respect the strategy in order to send it to the people who need it first?

Hon. Deborah Matthews: Dr. Arlene King is our chief medical officer of health for the province of Ontario, a world leader when it comes to pandemic preparedness. Dr. King is doing a lot of media. Every day, she is doing media availability—I go with her sometimes—so she's very much available to the media.

I think our website, ontario.ca/flu, is a very important vehicle for us. Not everyone, but most people do turn to the Internet first when they're looking for information, so we really do see that as a tool. We're linked to all of the public health units across the province, so someone can log on and find out exactly when the clinics are going to be, where they're going to be and what priority groups they are immunizing.

We're trying to use all of the tools at our disposal to get the message out to people: First of all, get the vaccine. H1N1 is a serious virus. We need to get as many people immunized as we can, but also to respect the sequencing to get the vaccine when they can. The other thing you should know is that in addition to the public clinics that we see the public health units offering, we now have over 2,000 locations across the province—family health teams, doctors, community health centres—where people can get the vaccine. Before people go to the clinic, they really should check with their family physician, their primary health care provider, to see if they can get the vaccine there.

Mr. Khalil Ramal: Thank you, Minister.

The Chair (Mr. Garfield Dunlop): Go ahead, Mr. Brownell. You've got about 11 and a half minutes.

Mr. Jim Brownell: Good morning, Minister. It's certainly a pleasure to see you at the estimates. Unfortunately, I missed a couple of days with some personal health issues last week, and I didn't get to see the transcripts or even get a report from my mother, who

watches all this stuff. She does report, and that's what I'd like to talk about.

First of all, before I talk about aging at home—I don't know how much of that was talked about here, but I'd like to bring up the issue again. I would like to preface that by saying that health care in Ontario today, despite the pressures and the concerns that we still have in addressing issues in health care, is better since we took office in 2003. You can see that first-hand as you go around our ridings. I'm going to give you an example. Winchester District Memorial Hospital, for example, one of my rural hospitals, never had a CT scanner. They have a CT scanner in that hospital now. Cornwall Community Hospital, with a capital project being built, will have an MRI machine. Our folks, myself included, had to leave the community to get the help and the supports for MRIs, and those people in the rural area had to go into Cornwall to get the CT scan. Things are better.

Having said that, I want to go on to the topic of aging at home, and I want to speak from a little bit of the experience of an individual who's probably watching the late show, she's probably watching the House right now, and that's my mom, whom you got to meet last year. You saw my mother in a wheelchair. My mother had some real issues: Hip surgery was required, and she has osteoporosis. She had to have a hip done for the second time this summer, and, while it was a huge operation and whatnot, she has now graduated up to a walker.

Despite having to go out into the community in a wheelchair, which she didn't want to do, she's pretty excited right now about all the supports. She told me the other day; she knew that I was in front of estimates and that you were here in front of us. She said, "You tell the minister that the supports that I'm getting are allowing me to stay in my own house."

I'll never forget the day that she left hospital. She was in for two and a half months because of this major surgery she had to go through this summer. The day that she arrived home—the day before, she was given a half-day out—I was at the house. It was just a sigh of relief when she could lie in her own bed. To see that: That's what Ontarians want. They want to stay in their own homes, they want to age at home, and she is aging at home. I see it. She said to me the other day that she can't believe it, and she's so thankful that there is this strategy; she didn't know a whole lot about it. I explained to her that we have committed quite a bit of funding to make sure that folks like my mother can stay in their own homes.

That brings me to the point. I just wonder if you could give us a breakdown. I think to myself that there must be a huge cost between these folks taking up the beds in the active hospitals and these folks now who are staying in their own homes and being given supports. She is being given a lot of help. I have to say, as a family, we are appreciative of that, the government doing that. But it's not just my mother; it's other folks out around my riding who are saying they are so thankful that they can stay in their own homes, they don't have to go into a nursing home, or they can be released from hospital a little bit faster.

So I'm wondering if you could talk about the current status of the aging-at-home delivery of service and if you could give us—I don't know if you have any statistics on the difference in funding. Do you have a funding-dollar figure with regard to the pressure it is taking off nursing homes and hospitals? That is my question, and I hope that you didn't mind hearing a little story about somebody very, very personal to my life telling me that this is happening in Ontario.

0930

Hon. Deborah Matthews: Thank you very much.

The Chair (Mr. Garfield Dunlop): You'll have to get the Hansard for her.

Go ahead. You have about seven minutes, Minister.

Hon. Deborah Matthews: Okay, and hello to Mrs. Brownell. We're glad you're feeling well, and we're especially glad you're watching us, because there aren't that many people who do and we're glad for any viewership here.

Mr. Jim Brownell: You're probably saying, "Get a life."

Hon. Deborah Matthews: No, not at all. I think the story you told demonstrates far better than any figures we could give you how important this aging-at-home strategy is. It's people exactly like your mom whom this is designed to help. I think you spoke so beautifully about the sense of wellness that she got from coming home, to be able to come back into her own home, with her own neighbours in her own environment, with her own comforts of home.

It's pretty hard to put a price tag on that. It's significantly better for her, but a lot better for the system too. I think that's why our focus on aging at home was a stroke of genius, because it's better for people; it's better for the system. It absolutely takes pressure off our hospitals.

You know we have challenges in hospitals. We have too many people waiting too long in emergency rooms. We have too many people in hospital who don't need to be in hospital, and by making these targeted investments to move people just like your mom from a hospital bed into her own home, that's where this is really paying off.

As our population ages, we're going to have to do more and more of this. We can't afford to keep people in hospital who don't need to be in hospital, don't want to be in hospital. We've committed \$1.1 billion to our aging-at-home strategy over, I think, four years, and our LHINs are really rising to the challenge when it comes to developing and supporting the right combination of supports in their communities for people.

We know that as people age, their need for service ebbs and flows. In the case of your mom, she needed a certain amount of support, then she needs a lot more support as she recovers from her surgery, and then there may be a point where she'll need less support. So, we need to be nimble; we need to be providing the right amount of support at the right time.

For me, one of the really beautiful things about the aging-at-home strategy is that it takes advantage of all of

the resources in the community. It's not just strictly health care professionals who are engaged in our aging-at-home strategy. It's volunteers who deliver Meals on Wheels, who drive people to appointments. We're really engaging everyone in the health care of our elders, and I think that's a pretty remarkable thing for government to do, to provide a little bit of funding, to provide a whole lot of service for people who need it. I think it's the least we can do for people, and we know that if we don't do it, they will end up in our hospitals.

As I say, I think it's exactly the right thing to be doing. I'm looking forward to exploring how we can really continue to strengthen our aging-at-home strategy. The health care system is all linked together. It might be hard for some people to see the connection between your mom getting service at home and the wait time in the emergency room, but they're absolutely linked, because she's not in a hospital bed right now. That hospital bed is available for someone who needs the more intense services that can be delivered only in a hospital.

We've set targets for our emergency room wait time. We've set a target of four hours for less complicated cases and eight hours for more complicated cases. We've got work to do to achieve those targets, but we know what we need to do and we're doing it. We're taking those steps. Every hospital across the province has their wait times posted online. Anyone can go online and see the wait times in their hospitals and in other hospitals, and they can see the improvement in the wait times.

I think one of the things we've done well when it comes to health care is, we really have set in place the metrics so we can measure our progress. Whether it's wait times in emergency rooms or the reporting of infections or wait times on other procedures, we really are using the tool of measuring our progress, making strategic investments and reporting publicly on how we're doing. As we build a sustainable health care system, we're going to have to continue that work to determine what it is we're trying to achieve, put the measures out and report on those measures.

I can turn this now over to my deputy to add whatever he wants to this issue.

The Chair (Mr. Garfield Dunlop): You haven't left him much time, but you've got a few seconds, Deputy.

Mr. Ron Sapsford: Perhaps I can just talk briefly about the expenditures. In the estimates for 2009-10, there's an allocation of \$223 million directed at the aging-at-home strategy. A portion of that, about \$30 million, is for community care access centres, where some of the maximum numbers of hours of care have been increased. There has also been a change in the mix of services—more flexibility in whether it's nursing or other professional care. We've also extended the time for palliative care to be more flexible and to provide more care in the home.

On the community service side, there's an allocation of about \$83 million to begin to invest in other kinds of care, particularly in supportive housing as well as other community services. There's an allocation as well of \$15

million for assistive devices to give people the kind of devices they need in their homes to allow them to stay at home safely.

That's the allocation. Some of it has been directed to specific agencies, and then the local health integration networks have been accepting proposals from a wide variety of community agencies with innovative ideas about supporting people in their homes. They received 240 proposals, and about 205 of them are moving forward for implementation.

The Chair (Mr. Garfield Dunlop): Thank you very much, Mr. Brownell. Your mother would be proud of you for the line of questioning.

We'll now go to the official opposition. Ms. Elliott, you have 20 minutes.

Mrs. Christine Elliott: Good morning, Minister and Mr. Sapsford. I'd like to start with an issue that is important to a lot of Ontarians and particularly, I would say, to the residents of Durham region—I represent Whitby—Oshawa—and that's the issue of high-growth health care funding. I know that a large sum of money has been set aside. I can't recall at this moment; it's \$100 million plus, I believe. I was wondering if you could please speak to the issue of how much has been spent, what it was spent on, how much remains and what the plan is for the remaining funds, please.

Hon. Deborah Matthews: I will turn this over to my deputy.

Mr. Ron Sapsford: Specific allocations in the current year related to high growth are directed at hospitals, and in the allocation there's \$10 million. That's in addition to an allocation that was made in the previous year. The money is allocated to the local health integration networks, which then distribute it to the hospitals as part of their annual discussion. Other programs or increases in services are planned and implemented by the local health integration networks, so they're working on an annual basis on their specific plans and making decisions within the allocated funds as to which agencies receive it. That's part of their annual budget discussions with those agencies.

Mrs. Christine Elliott: Is it \$10 million annually, then, that's going into it?

Mr. Ron Sapsford: Yes.

Mrs. Christine Elliott: How much of the fund remains?

Mr. Ron Sapsford: The allocation for this year is a \$10-million base adjustment, so it goes into the funding on a permanent basis.

Mrs. Christine Elliott: That is going to continue—\$10 million per year additional monies to be spent for the foreseeable future? I'm sorry, I'm not understanding.

Mr. Ron Sapsford: Yes. The allocation for 2009-10 is an additional \$10 million. Whether that's to be repeated—in other words, to make it \$20 million in the following year—will be a discussion that we'll have as we plan for 2010-11 funding. But that's the incremental funding that was put into this year's budget.

Mrs. Christine Elliott: And the money that has been spent in the past: Has that been done in the same way, rolled out in that way?

Mr. Ron Sapsford: Yes.

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Mrs. Christine Elliott: The next issue I'd like to talk about is the Ontario Association of CCACs. I understand that this group has been receiving over \$20 million annually. Is that correct?

Mr. Ron Sapsford: I'm sorry. I didn't hear—

Mrs. Christine Elliott: The association of CCACs.

Mr. Ron Sapsford: Yes.

Mrs. Christine Elliott: How long has that been ongoing?

Mr. Ron Sapsford: Many years.

Mrs. Christine Elliott: Has that been an annual allocation for some years?

Mr. Ron Sapsford: I'm not at all sure we actually make an allocation—I'll have to check that—or whether the work of the association is funded directly by the CCACs, but I'll check that out.

Mrs. Christine Elliott: Are the CCACs—I guess this goes along with it—obligated to report to you on an annual basis for the funds that they receive, in a detailed manner?

Mr. Ron Sapsford: Before local health integration networks were in place, yes. But since local health integration networks have been put into place, the direct reporting relationship is between the CCAC and that local health integration network.

Mrs. Christine Elliott: And the information that you receive would then be through the report that's sent through the local health integration network.

Mr. Ron Sapsford: That's right. Yes. It's submitted to us.

Mrs. Christine Elliott: Can we obtain any information—I guess this might be to the minister—through the associations under FOI legislation? Can we get any information from them directly in terms of reporting?

Mr. Ron Sapsford: I don't think so.

Hon. Deborah Matthews: I have to tell you that I'm not sure we have a direct funding relationship with the Ontario Association of CCACs. I'm going to have to check that out. Normally, these umbrella groups are creatures of the groups as opposed to creatures of government.

Mr. Ron Sapsford: Yes. It has just been confirmed that we don't fund the association directly. So, consequently, freedom of information would not apply to that association.

Mrs. Christine Elliott: Is there any plan in the future, Minister? Can you comment on that? Is that going to be considered as part of the expanded FOI?

Hon. Deborah Matthews: Not to my knowledge. Again, I stand to be corrected, but I don't believe so, no.

Mrs. Christine Elliott: We've been told that some CCACs are asking their care providers to reduce patient fees by as much as 30%. Is that the case? Is there any

kind of a directive that's going out? What can you tell us about that?

Hon. Deborah Matthews: Can you tell me what you mean by a patient file?

Mrs. Christine Elliott: Reducing numbers.

Hon. Deborah Matthews: Reduce the numbers of—

Mrs. Christine Elliott: Patients.

Hon. Deborah Matthews:—patients they are seeing?

Mrs. Christine Elliott: Yes.

Mr. Ron Sapsford: There would have been no directive from the ministry, so I'm not sure where that would have come from. They all operate within their annual allocation, so it depends if you're talking about the CCAC or the service providers directly. Sometimes, in the agreements with their service providers, as volumes change, they adjust the contract levels, which may be what is being referred to, but there has been no overall directive to reduce caseload.

Hon. Deborah Matthews: In fact, I would say quite the reverse. We are expanding home care, expanding the number of hours that can be provided to people, so that Mrs. Brownell, for example, can get the amount of care she needs to stay at home. Home care is very much part of our aging-at-home strategy, which, in turn, helps alleviate emergency room wait times.

Mrs. Christine Elliott: I'm not sure if this question goes to you, Minister, or Mr. Sapsford. Has the ministry purchased diagnostic imaging equipment or software through CGI/GE, which I understand is an American company?

Mr. Ron Sapsford: The ministry wouldn't directly purchase clinical equipment. You said, diagnostic equipment and—

Mrs. Christine Elliott: Diagnostic imaging equipment or software.

Mr. Ron Sapsford: Imaging equipment. No, not directly. The only thing that I can remember that may fall into that was, several years ago when there was an expansion in equipment, there was one tender that went out to purchase equipment for a number of hospitals. I believe the ministry was involved in coordinating it, but not the direct purchase of it, no.

Mrs. Christine Elliott: I've got a number of different questions here. I'd like to move on to a question regarding the Joseph Brant Memorial Hospital, if I could. My question is regarding the expansion and renewal plans for the hospital now. They first submitted their plans in 2007. It's now 2009, and the residents still haven't heard anything about what's expected here. This expansion and renewal would mark the first major change in the hospital's physical footprint since the 1970s. Minister, could you please confirm when the residents can expect to receive an answer regarding Joseph Brant's proposal and what it will be?

Hon. Deborah Matthews: I will turn the specifics over to someone who could speak to that particular hospital. What I can tell you is that we are in the midst of a massive capital program when it comes to hospitals. I believe the number is \$5 billion, which is being spent

through ReNew Ontario to bring our hospitals back up to the standards that they should have been brought up to before we came to office. I think it's fair to say that there wasn't nearly the capital investment prior to our coming to office that there ought to have been. So we're playing catch-up, but we're moving as quickly as we can. In fact, that hospital construction is actually providing real economic stimulus in our communities as well as providing better health care for people.

In my own community of London, we have a lot of construction jobs that are a direct result of investments in improving our health care system. That particular project, I'll see if the deputy has any information about it; otherwise, we can get you a status update.

Mr. Ron Sapsford: The hospital's proposal is not yet formally in the implementation process. There are a number of stages of approval that a hospital proposal would go through. The funding that the minister mentioned has been allocated, so all of the hospitals that are moving forward for construction are aware of that now.

The proposal from Joseph Brant has been received and is in the preliminary discussions, but at this moment there has not been approval for the hospital to proceed through the construction process. The decision as to whether or not and when it might be put forward would be part of our discussions for next year's budget. There's a process that we go through with capital as well as operating, and the government will make decisions about what projects can be financed during the next fiscal year or beyond; often it takes a couple of years to move through the planning process.

At the moment, I think, we've received the proposal. Initial review would be going on, but there's been no decision yet to actually approve it and fund it in the current fiscal period.

Mrs. Christine Elliott: How many more steps would you expect that it would have to go through, in terms of the review, to be able to present it for the next budget cycle, if that were to happen? For example, would you expect it to have reached the stage where it can be formally dealt with next year?

Mr. Ron Sapsford: It's hard for me to say as I sit here, but I believe so. Usually the process the ministry goes through is, we take proposals from wherever they come from and then do an analysis in terms of relative priority. What kind of a project is it? How large or small? We have different categories of funding; for instance, health and safety reasons. If a roof is leaking, that has a different treatment than if it's a major redevelopment worth hundreds of millions of dollars.

It depends on what the project is, its relative priority, the age of the facilities and the kind of expansion the hospital would be proposing. Then we sort through that and present it for the government's consideration. Then a decision will be made as to whether it joins the list of programs approved for funding.

Once approved, there's then a detailed review of what the program is, the size and shape of the building and the services that are intended to be offered. Does it include a

program expansion? That has an impact on operating funds, so it's not just the capital construction; it's also the increase in operating funds which have to be accounted for in the fiscal planning. Once all that approval is done, then it moves on to architectural design and the construction process itself.

There's the program piece, approval to move, then design and construction part of it, which is the major capital funding; and then, at the end of it, of course, the operating costs associated with a new building. All hospitals have a local share; there's a requirement for local contribution to capital projects, and so part of the review process is to ensure that the local hospital in fact has the resources to contribute towards their share of it.

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Mrs. Christine Elliott: How long, ballpark, would that process normally take?

Mr. Ron Sapsford: It takes several years from beginning to end. Of course, that depends, year by year, what kind of fiscal resources are made available by the government within our budget process. For many years, the capital allocations were relatively small, and as the ministry said, the government announced quite a major infrastructure development program, and so over the past three or four years, we've had hundreds of projects that have been moving through that process.

Mrs. Christine Elliott: Is it reasonable to assume in the case of Joseph Brant hospital that that might be considered? Are they getting to the end of that process now, so that they might be considered for next year's budget cycle?

Mr. Ron Sapsford: Of course, as projects finish, more join the line, so it's kind of a revolving list. As I say, as projects are finished there are always other ones coming forward. It's simply a question of sorting through that and matching up approvals with fiscal resources to do that, but as we receive them, they join that review process. How quickly they move through it is, as I've said, based on the analysis that's initially done by the ministry in terms of relative need and then the resources voted by the government to support it.

Mrs. Christine Elliott: Okay. I understand that in the case of this particular hospital they haven't had any physical changes for the last 40 years, and I'm wondering how compelling that is in terms of making the argument for the need for redevelopment at this point.

Mr. Ron Sapsford: Of course, age of facility is a significant part of the evaluation, as well as the needs of the community, so high-growth areas versus low-growth areas. There are a number of factors that are taken into consideration, but certainly age of the facility is one of the criteria that are considered.

Mrs. Christine Elliott: Just in that vein, then, you may be aware that the Whitby hospital, a part of Lake-ridge Health Corp., has recently received approval to reopen the hospital following a fire that happened about two and a half years ago. I know that the money has been allocated now, but it will probably take another year for the hospital to be reopened.

That being said, it still really is just sort of putting a band-aid on a very old facility that probably only has, I would say, fewer than 10 years of life left in it. Is that something, then, that would be considered relevant—also being in a high-growth area—in terms of eligibility for a new hospital?

Mr. Ron Sapsford: Yes.

Mrs. Christine Elliott: Good. Thank you.

Another question that I had received from one of our members was about a meeting with a Lyme Action Group—I'm all over the map here.

Hon. Deborah Matthews: I'm sorry, what's it called?

Mrs. Christine Elliott: The Lyme Action Group.

Hon. Deborah Matthews: Lyme?

Mrs. Christine Elliott: L-y-m-e, yes. They've indicated that they've had a meeting with the ministry and the ministry stated they would be more action-oriented than previous administrations.

As you may know, their issue is that there are poor testing options for Lyme disease in Canada, generally, and in Ontario, particularly, and they're hoping that the province will bring contamination of our blood supply by tick-borne organisms to the table with other provincial governments and federal authorities.

They are quite encouraged that your ministry has agreed to consider the need for the Ontario medical community to develop a better educational approach to training doctors to become aware of the growing incidence of Lyme disease in Ontario.

So, Minister, could you please provide an update as to what progress you've been able to make developing a better educational approach and also training for doctors to become aware of Lyme disease in Ontario?

The Chair (Mr. Garfield Dunlop): You've got about two and a half minutes left.

Hon. Deborah Matthews: I won't need two and a half minutes to exhaust my knowledge on Lyme disease, other than I do know that one of the many new phrases that I've learned in my time in this office is "vector-borne disease"—did I get that right?

Interjection.

Hon. Deborah Matthews: That refers to diseases that are borne by insects. I do know that there is work being done. I would turn it over to someone to speak more eloquently than I can on this.

Mr. Ron Sapsford: I'm not sure how eloquently I can speak about Lyme disease, but we'll follow up and bring back a detailed note on your specific question.

The only thing I would suggest is that we have done some educational materials on Lyme disease, which are on the ministry's website. It's information for both the public as well as providers, and that's being communicated through the public health units.

I'll get the specific information and bring that back to committee.

Mrs. Christine Elliott: I'd be grateful for that. We have heard about that in some other committees recently, and there seems to be a growing incidence, so that would be most appreciated. Thank you.

The Chair (Mr. Garfield Dunlop): You've got about a minute left.

Mrs. Christine Elliott: Just on the same note, many people, I'm told, have to go to the US for treatment. Do we have many treatment facilities in Ontario for Lyme disease?

Mr. Ron Sapsford: We wouldn't have separate facilities, and I'm not sure what the treatment regime is for Lyme disease. If you'll allow, I'll add that to the question and give you some information about what the treatment methods are and how that's provided in Ontario.

Mrs. Christine Elliott: Thank you very much.

The Chair (Mr. Garfield Dunlop): You now have 20 minutes, Ms. Gélinas.

M^{me} France Gélinas: Could you flag me after 10?

The Chair (Mr. Garfield Dunlop): Yes.

M^{me} France Gélinas: Okay, thank you.

Hon. Deborah Matthews: You're used to 10 minutes.

M^{me} France Gélinas: Yes, I'm getting used to this.

My next series of questions will have to do with hospitals and health care services that are delivered through hospitals. The first one is, I like Mr. Brownell opening up the importance of access, and he gave examples of CT scans and MRIs. The issue of access in the north is access to PET scans. The ministry has announced that for a list of nine conditions for which the trials have shown to be beneficial, people can now have access to PET scans. I was wondering: Where does the money to pay for publicly insured PET scans come from in 2009-10, and how much do you figure we will spend this year, since it just started a month ago?

Mr. Ron Sapsford: There are two components of it: the OHIP charge for the physician interpreting the results of it, and the technical part of it—the cost of the drug and so forth—is funded through hospitals. I'll find the exact number for the current fiscal year.

M^{me} France Gélinas: When the ministry decided to add PET scanning for a series of diseases to the insured services, how many PET scans did they foresee, and how much would that add to the hospital budgets?

Mr. Ron Sapsford: Previously, when the research studies were being done it was treated as research, and the hospitals were funding a portion of that directly through their own research funds, and the ministry was funding a portion of it as well. With the change to insured service, then the ratio of funding would change 100% to the province. So the incremental amount for the ministry was about 50% more than had been paid when we were under the research regime.

M^{me} France Gélinas: Fifty per cent of what? Do we have an amount?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: I wouldn't mind having it in writing, anyway.

Mr. Ron Sapsford: That's fine. Over the three years, it's been about \$5 million for the last two, and for 2009-10, it's \$7.6 million in this estimate. That will probably

increase next year because we only funded it for a portion of 2009-10.

M^{me} France Gélinas: As I said, Mr. Brownell talked about access. Is there a plan within the ministry to give the people of the northeast access to PET scan technology?

1000

Mr. Ron Sapsford: There's not a direct plan at this point. Again, the cost of the machine is a local responsibility, so hospitals fund the cost of the PET scanner itself. The volume of PET scans is relatively small and contained, and the number of machines we currently have in the province is sufficient to handle the volume for the whole province. As far as the northeast is concerned, there remains the problem of travel, but where PET scans have been ordered, people would qualify for the northern travel program in terms of their access to those services.

Hon. Deborah Matthews: I would just like to add that my understanding is that there is currently no wait time for a PET scan, so we are meeting the demand with the machines we currently have.

M^{me} France Gélinas: Do we know the total capacity for PET scans in Ontario and what percentage of this is being used? Can we find that out?

Mr. Ron Sapsford: We could make a calculation, I suppose, I would say that we have lots of capacity—

Hon. Deborah Matthews: I'd agree.

Mr. Ron Sapsford:—in terms of the numbers of scans we're actually seeing, both for the insured part of it as well as for the research part of it.

M^{me} France Gélinas: Could I find that out? I would like to know our current capacity. I understand that the University Health Network is in the process of adding one, but what is the current capacity and what is the projected demand, given the nine conditions that currently qualify for insured service?

Mr. Ron Sapsford: That would be an assessment we would have to do, but I'm quite sure we could do it. Currently we've got 10 scanners in nine centres, so if you look across the country in terms of the infrastructure that we have for PET scanning, we are rich in infrastructure. But we could do an assessment in terms of demand for service and try to do some projections for you.

M^{me} France Gélinas: Okay. Thank you.

Could I have a list of hospitals that are projecting deficits for this year, 2009-10—by LHIN would be fine. Is that okay?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: All right. What is the increase in hospital budgets for 2009-10, 2010-11 and 2011-12, if you have it—it's usually a three-year?

Mr. Ron Sapsford: The estimate for 2009-10 is the one I have. The total increase from all sources is \$593 million over last year's estimate, which is a net increase of 4.2%. They received a 2.1% budget increase for the current year, and added to that would be growth, which Ms. Elliott asked about, specialty program increases as well as additional monies to increase operating budgets for new hospitals that are going through expansions—

those kinds of additional expenditures. The full amount is 4.2%.

M^{me} France Gélinas: Do we know what the projected budget increase is for next year?

Mr. Ron Sapsford: Not yet. That hasn't been determined finally.

M^{me} France Gélinas: Has the 2.1% budget increase across the board rolled out to every hospital?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: Could I have the names and a list of hospitals that have not signed their accountability agreement for this year?

Mr. Ron Sapsford: We could endeavour to find it. I think that, in discussions between hospitals and local health integration networks, in certain cases they've come to agreements to balance their budgets in the following year and have an agreement in place. As far as I'm aware, every hospital has something in place with their local health integration network on the point, but we'll provide the information.

M^{me} France Gélinas: I guess I could word it a bit differently: Which hospitals have accountability agreements that submit a multi-year plan in order to balance their budget? If there are some other outstanding issues, I'd like to know which hospitals, in which LHINs and what they are.

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: Okay. Can you give me a bit of an update on the status of the HBAM funding for the LHINs?

Mr. Ron Sapsford: It continues to move forward, and the ministry uses it in its planning for allocations to local health integration networks. The new phase that we continue to work on is how to use the formula in agency allocations and so beginning to use it to modify funding formulas, for instance, for hospitals. That's still in a developmental stage. There's been no specific decision to implement that part of it, but we're still very actively pursuing the use of HBAM for more general population allocations for health services.

M^{me} France Gélinas: Do we know when it would actually roll out to different parts of the health care system? I've heard for long-term care, in about 12 months' time before we're ready; how about in other parts of the health care system? We're talking about hospitals now.

Mr. Ron Sapsford: We're looking at a similar time frame—

M^{me} France Gélinas: About another year?

Mr. Ron Sapsford: My estimate would be 12 to 18 months, if we're going to implement it; the technical parts of it should be developed by then.

M^{me} France Gélinas: I've just been told that I'm halfway through. Time just flies.

There have been changes in some hospitals that used to have emergency departments and that now have urgent care centres. Could you give me the difference as to, if a hospital has an emergency department versus an urgent care centre, what are some of the services that are different and what are some of the support services in the

hospitals that need or do not need to be there from one model? I'm thinking like a lab 24/7 or that kind of stuff. You can do it verbally, but I would also like it in writing.

Mr. Ron Sapsford: The requirement for an emergency department and what it takes to sustain an emergency department really speaks to the medical and clinical services that are available to the emergency department 24 hours a day, seven days a week. In order to provide emergency services, one has to have a lab, radiology, particularly the operating room in emergency services, and then, physicians available 24/7 within an immediate response time.

So oftentimes the requirement for an emergency department is what goes on in the hospital behind it, and if it can't be sustained, either through lack of human resources—for instance, a hospital that doesn't have a surgeon available can't very easily operate a 24/7 emergency department.

The difference between the two is that an urgent care centre cannot receive ambulances. That, beyond hours of operation, is the most obvious distinction between an urgent care and an emergency department: ambulance traffic.

Where an urgent care centre exists with a functioning hospital within patient beds, there's really little change behind that in terms of service requirements for things like radiology and laboratory services to serve the in-patients in the hospital as opposed to the emergency room. That may be offered on an on-call basis, as those services often are, but they would continue to be available for the in-patients of the hospital.

M^{me} France Gélinas: If we look specifically in Fort Erie and Port Colborne, would those hospitals see their budgets decrease because they went from an emergency department to an urgent care centre? Are there savings to be made for the hospital?

Mr. Ron Sapsford: Those kinds of decisions are not really savings decisions. There may be some marginal decrease in cost because it isn't open 24 hours, but commensurate reductions in other areas of the hospital, at least in my view, do not necessarily follow.

1010

M^{me} France Gélinas: So those hospitals wouldn't necessarily see their own budget decrease because they don't have to support an emergency department anymore?

Mr. Ron Sapsford: No. In the case of Niagara that you've raised, that would be, first of all, a discussion inside the hospital within their allocation for all of those facilities. There may be some reallocation of funds that goes on, but the net savings to the Ministry of Health, for instance, would not be part of that discussion.

M^{me} France Gélinas: I would like those differences to be submitted in writing, if possible.

Mr. Ron Sapsford: Yes, sure.

M^{me} France Gélinas: Thank you. Also, do you keep track of the services that have been able to be moved from hospitals to the community? Is this something that we track? We look through the work of the LHINs who

are starting to do their work—some of them are starting to do integration in moving hospital services to the community. Do we have a list of this and do we track that?

Mr. Ron Sapsford: Where those kinds of integrations are contemplated, the requirement is that the LHIN identify those as part of their annual plan in the reporting to the Ministry of Health, so we would certainly have that information made available.

M^{me} France Gélinas: Can I have that? I would like it for last year and this year.

Mr. Ron Sapsford: Yes. To the degree it has been identified, yes.

M^{me} France Gélinas: Sounds good. Thank you. I'm afraid of running out of time.

I'm going to go to the fiscal advisory committee. The first one is, do you know if every hospital in Ontario has a fiscal advisory committee?

Mr. Ron Sapsford: There's a regulatory requirement that they do.

M^{me} France Gélinas: Yeah, but do they? Are they active in—

Mr. Ron Sapsford: To my knowledge, they would all have a fiscal advisory committee, yes.

M^{me} France Gélinas: Do you know if each fiscal advisory committee has—it's also regulation 5(2), if you're interested, regulation 965—

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: —“request a list of hospital boards that have received recommendations from their fiscal advisory committee with respect to the operation and staffing of the hospital for 2009.” All fiscal advisory committees are supposed to report to the board. Do you know if this has been done, and can we find out?

Mr. Ron Sapsford: The ministry wouldn't have that information. It would be a question that we would have to contact LHINs and hospitals to follow up on.

M^{me} France Gélinas: Right now, there are quite a few hospitals—61 of them, I think—that are facing a deficit. They're also looking at staffing. Their fiscal advisory committees are supposed to make recommendations to the board. I'm not sure if this has been done, but by regulation it was supposed to be done.

Mr. Ron Sapsford: We'll follow up.

M^{me} France Gélinas: Thank you.

Has the ministry ever considered making fiscal advisory committees into interprofessional committees? Right now, only physicians get to sit on those.

Mr. Ron Sapsford: No. Nurses participate in fiscal advisory committees as well.

M^{me} France Gélinas: Any other professions?

Mr. Ron Sapsford: That would be at the discretion of the hospital. I think the regulatory requirement was for nursing participation—front-line nurses and—

M^{me} France Gélinas: I made a mistake there because I'm skipping questions. I had switched to medical advisory committees.

Mr. Ron Sapsford: Oh, I'm sorry. That's a different subject.

M^{me} France Gélinas: Yeah. We're not talking about fiscal advisory committees anymore; we're talking about medical advisory committees and making those interdisciplinary advisory committees rather than strictly medical.

Mr. Ron Sapsford: The medical advisory committee is a statutory requirement. So any change to that would be a legislative change.

M^{me} France Gélinas: I realize that. I'm asking if this is something that could be contemplated by this minister.

Hon. Deborah Matthews: I'm certainly well aware that there are those who are advocating for that.

M^{me} France Gélinas: Okay. Is this something that you are considering yourself or—

Hon. Deborah Matthews: I always consider advice that I receive.

The Chair (Mr. Garfield Dunlop): You've got about two minutes left.

M^{me} France Gélinas: Quickly, I'm switching to the Lori Dupont inquest and the recommendation that was made following the inquest. Recommendation 1 said, "There should be a review, conducted on a priority basis, of the Public Hospitals Act." I was wondering if this had been done following the inquest of Lori Dupont. That was recommendation 1 of the report.

Mr. Ron Sapsford: About the—

M^{me} France Gélinas: The review of the Public Hospitals Act.

Mr. Ron Sapsford: I'm sorry. I'm not sure what the recommendation was.

M^{me} France Gélinas: Actually, how about if I just ask and you can submit it in writing?

Mr. Ron Sapsford: The response to the—

M^{me} France Gélinas: For how you're doing in responding to each of the 26 recommendations. Of the 26, some have nothing to do with the Ministry of Health, but the ones that are directed at the Ministry of Health—just to let me know how far ahead we're going in implementing the recommendations.

Mr. Ron Sapsford: Yes, we'll do that.

M^{me} France Gélinas: I'm short of time, so I would also like to know how many hospital capital projects are currently under way—if you could give me the names—and, of those, how many were from the old P3 model versus the new AFP funding.

Mr. Ron Sapsford: We can certainly provide the list. If I'm following your description of the old P3, there was only one hospital constructed in that way. The remainder are in the alternative funding model, but we'll get you the lists and be clear about that.

M^{me} France Gélinas: When you say "one," it would be Ottawa or it would be—

Mr. Ron Sapsford: I stand corrected: two.

M^{me} France Gélinas: Two.

Mr. Ron Sapsford: Yes, the Osler Centre and the Royal Ottawa.

M^{me} France Gélinas: Brampton Civic Hospital presently is open—the new redesign is open. They're at 479 beds. They were supposed to go to 608 beds and then

to—where are they at? Are they ramping up to be at 608 beds, and if not, why not?

Mr. Ron Sapsford: The first phase was to move into the new hospital and to stabilize. As you're aware, there is a provincial supervisor at that hospital now working with the hospital around the financial and community issues that were raised some time ago. We've been working closely with the supervisor on questions of ramping up. There's currently a proposal to take the hospital to the next level. That would be additional operating funds. The exact level is currently under discussion. So the—

M^{me} France Gélinas: Okay, I'll have to interrupt because I'm going to run out of time. Where does the money to pay for the supervisor come from and how much do those people get paid?

Mr. Ron Sapsford: We work within provincial standards. It's funded by the Ministry of Health directly.

M^{me} France Gélinas: So it doesn't come from the hospital budget? The ministry pays for them directly?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: I'd like to know how much we spent on supervisors and how many there have been for, let's say, the last three years.

The Chair (Mr. Garfield Dunlop): We can pick this up later on this afternoon.

Mr. Ron Sapsford: Mr. Chair, just to finish, if you would, the answer to one question, the long-term-care funding related to new regulations: In the current plan, it's \$33.2 million for 2009-10.

M^{me} France Gélinas: Thank you.

The Chair (Mr. Garfield Dunlop): Thank you, Deputy. Thank you, Minister and staff. We'll recess now until after routine proceedings this afternoon.

The committee recessed from 1017 to 1555.

The Chair (Mr. Garfield Dunlop): We'll call the meeting back to order. We have 23 minutes for each caucus before we complete the Standing Committee on Estimates with the Ministry of Health and Long-Term Care. Welcome back, Minister and the staff.

We'll go right to Mr. Ramal. You've got 23 minutes to question the minister.

Mr. Khalil Ramal: Thank you, Minister, for coming back again. I have a quick question; I know many of my colleagues have very important questions to ask. I know people spoke about H1N1 and many different things—about funding of health care, long-term care, the aging-at-home strategy—but not many asked you about mental health services, which has been referred to as the poor cousin of health care in Ontario. Can you tell us what you're doing in this regard? How are you dealing with this issue? What's your strategy to deal with mental health issues in the province of Ontario?

Hon. Deborah Matthews: Thank you so much for the question, and it is one that is extremely important. I think that very often mental health is overlooked. The minister previous to me, David Caplan, made mental health and addictions a very important priority. I can tell you that I want to continue the work that he began.

Certainly, my experience in poverty reduction helped me understand that very important linkage between mental health and poverty, and how we really need to be there to support people who are facing mental health challenges so they can live a rich and fulfilling life to the best of their ability.

There's a new understanding that mental health has been ignored for too long. I think the focus on trying to eliminate the stigmatization around mental health is a very, very important initiative. So I'm very happy to be on the record as saying that continuing the work of Minister Caplan when it comes to mental health is something that I am absolutely committed to.

I think the best way to serve people is, whenever possible, in the community. Actually, if you look at what our government has done since 2003, we really have invested heavily in mental health services, to build capacity outside those traditional settings. I'm told that we've increased our spending by 70% on mental health.

The other really important piece of work that's happening right now in Ontario is the work of the select committee. I have heard that the committee is working extremely well—

Mr. Khalil Ramal: Who's that committee—I'm sorry, I didn't—

Hon. Deborah Matthews: The Select Committee on Mental Health and Addictions, chaired by Kevin Flynn. We have on it representatives from all parties. It is, as I understand it, an entirely non-partisan approach. They're listening to people, they're gathering information, and they will be recommending what we need to do as we move forward to provide the right supports at the right time for people who are facing mental health and addiction challenges.

1600

The previous minister also established an advisory group on mental health and addictions to provide direction on a 10-year comprehensive strategy. I really do think that that's the way we have to go. It will take time. Everyone who is familiar with the subject knows that if we're going to do this right, it will take time, but I think there's enormous opportunity for us to do much, much better when it comes to mental health in this province.

In my previous ministry, as Minister of Children and Youth Services, I became familiar with the services available to children. I understand that the select committee and the minister's advisory committee are dealing with both children and adults, and I think that's exactly the right approach.

Mr. Khalil Ramal: Thank you, Minister. I'll turn it over to my colleague here who has a question.

The Chair (Mr. Garfield Dunlop): Mr. McNeely?

Mr. Phil McNeely: My question just comes up to reinforce what Christine Elliott spoke to earlier today. This young lady came into my riding office about a week ago regarding Lyme disease. She was diagnosed with the disease and got treatment. She thought it was all over, that she was fine. The next year or two, she went to five specialists in the Ottawa area, and she kept getting worse.

Eventually she couldn't walk. After the five specialists, some friend of hers said, "I know somebody in New York state. You should go down and see her." So she went down to this person in New York state.

She had brought up the Lyme disease several times in that two-year period with these specialists. One test was done, and it came back negative. She tried to get more tests done but couldn't get more tests done. Anyway, she landed in New York, and this doctor looked at her and said, "You've got Lyme disease." She said, "You've probably got this, this and this." There are two or three—is it viruses? Whatever it is. She sent away for the lab tests. I think the lab tests came from Texas, but in any case, within a week they were back and confirmed that she had Lyme disease, had these three things.

Her position with me in the office was that it was too late for her, but she's doing this for others. I think it is extremely important that we get up to date on this. This tick that spreads the disease is moving north with climate change. I think there are 25,000 cases in the States, so if we said 10% here—it might be the same number here. But our physicians cannot identify it; certainly, the five specialists in the Ottawa area couldn't.

I had written you a letter on that very recently, last week, but I'd just like to add that to the earlier concerns from the other member of this committee, and I'd just like to leave it with you.

Hon. Deborah Matthews: I would like to ask our ADM Josh Tepper to respond to the question, please.

Dr. Joshua Tepper: Thank you very much for the opportunity. I think you make a number of good points. As was raised this morning, Lyme disease, per the minister's conference this morning, is a vector-borne disease. It is something that is changing as the climate changes and as people travel more. It is certainly becoming more prevalent in Ontario. It is fortunately something that, when identified and identified early, can be well treated and treated at minimal cost with a well-established antibiotic. It is only in a select number of cases that it's either not treated or not treated early enough that a few of those cases can go on to have more significant effects.

I think the reality is, the ministry is actually quite aware of this. The public health units are very aware of this. There have been a number of reports. There is actually a vector-borne disease unit. They are doing a number of educational outreach activities with physicians, and that will have to continue in the public health units as well.

As somebody who works in a lot of rural areas in this province, I know that the education has been increasing for physicians quite consistently. I guess I would view this, as with other diseases that come and go, that ebb and flow and that increase, as a matter of physician education, nurse practitioner education, people at the front lines of care. I think our public health units are taking that extremely seriously and a lot of education efforts are under way.

The good news is the recognition of it once you're accustomed to it. The rash in question is a classic bull's

eye, something that, once you're triggered to it, you can quickly identify and, like I said, treat quite easily. But again, it's part of the ongoing education that all physicians do. Our public health units are pushing it.

Now that I'm working in a more inner-city population, the public health unit has been reaching out to educate me about, for example, multi-drug-resistant tuberculosis and leprosy, which again are now diseases—and malaria, as people travel more and more and come back. These are things that, as a physician who has now moved from a rural to an urban centre, as a front-line clinician, the public health units and the government have helped to bring me up to speed on, those pieces.

I think people can be comfortable that physicians take the diseases that change in their community very seriously and that the public health unit, the ministry in general and groups like the Ontario Medical Association, the Ontario College of Family Physicians, and the University of Toronto continuing medical education or continuing professional development department all take these types of activities seriously and engage in ongoing activity.

Mr. Phil McNeely: Thanks very much. The identification was made properly. The treatment wasn't proper; then, after that, the labs weren't making the right tests. So I think it's a very serious issue, but thank you very much.

The Chair (Mr. Garfield Dunlop): Mr. Delaney?

Mr. Phil McNeely: Mr. Delaney, yes.

Mr. Bob Delaney: Thank you very much. If we're the ones giving you this amount of grief, I can't imagine what the rest of the people give you.

Last month, when the Auditor General released his report on Ontario's electronic health records initiative, I didn't have a paper copy, but I downloaded it right away and I read it with a great deal of interest. Although the 1980s doesn't seem like all that long ago, back then, in the mid-1980s, I started working for a company that was involved in software development. Since then, I've had some sort of a connection with the business in various forms. So I looked at it very much from the vantage point of one who has actually learned to, as the tongue-in-cheek expression goes, program in anger.

As I read it, I was never really sure of the scope or the breadth of the project. As the Premier has very clearly said, we as a government came up short, and we accepted every recommendation in the auditor's report and will implement every recommendation. But what surprised me was how much work had been done.

As I read through it, a lot of the things that—as I watched the issue evolve, I thought to myself, “Well, have we done...” and I would rhyme off a number of things in my mind. I was very surprised to find that, for example, the proprietary network onto which a user has to, first of all, be authenticated—in other words, you are who you say you are—and then authorized, which is, “Are you, in fact, authorized to go in and use this application, access this data?”—I was surprised how much of that was in place.

As well, with the applications, about which the auditor says some are doing better than others, I was again surprised at how many of them actually do exist. In taking the auditor's numbers, one finds that, for example, once implemented, the system under development will save the province of Ontario \$2 billion each and every year, which puts the investment in the system into some sort of context.

For example, to look at the things that the auditor refers to—the client registry, the provider registry, the diagnostic imaging system, the drug information system, the laboratory information system, and the list goes on—it's encouraging, I think, to point out not so much where we came up short, which we admit, but how much has actually been done, how much value exists in the system going forward, and, as we put cars on this electronic highway, how much of a difference this is going to make in the quality of the treatment and the quality of the interface between our health care providers.

What I'd like you to comment on very briefly—maybe we can do a little back and forth on it—is a little bit of insight on where our government has actually made progress and perhaps what we can expect in the near and distant future.

1610

Hon. Deborah Matthews: I think you raise a really important point, and that is that the implementation of electronic health records is actually essential to a strong future for our health care system. So we're committed to moving forward as quickly as we can with the plan to bring electronic records to all Ontarians. I think that in the end, this will save us significant amounts of money. It will also make the system much, much safer for Ontarians as there's a more timely response and as we get safer prescribing and so on.

Perhaps I'll pass it to my deputy, and if you have other questions we can pursue those.

Mr. Ron Sapsford: I think you referred to a number of the elements that are under development that were identified in the audit report, and much of that work continues. I think the investment required to develop the system and to link together all of the health providers in all of their different locations is the challenge we face, so the various components, be it lab or diagnostic imaging, are essential components of that, and many of them are completed. For instance, on diagnostic imaging, all of our hospitals are moving to filmless technology so that the results of X-rays and other diagnostic information will be shareable, certainly at this point, among the hospitals and ultimately between hospitals and local physicians' offices.

Another major area that we're just beginning on is electronic medical records in physicians' offices. There are many physicians' offices across the province that still basically operate on paper record systems, and so if we're to have this kind of seamless information system, there need to be investments in physicians' offices as well as other agencies.

All of that work has different levels of investment, and they're on slightly different time frames, which was part

of the concern of the auditor: that some of these investments are a little out of sync. But with the new agency in place and their plan and time frame coming together, we now have a consolidated going-forward position, the government has made allocations, and I expect that we'll see significant progress on those files.

Mr. Bob Delaney: If one has ever programmed anything that's non-trivial in scope, you realize very quickly that in the development of an information system, as the expression there goes, "Process is everything." I read the auditor's comments on process, which we accept. I think good process, such as the auditor has suggested, is going to go an awfully long way toward taking some of the applications, which the auditor says perhaps could be further along in their development and coding, let alone in their beta testing and deployment, on that electronic highway that we have as a proprietary network.

Most businesses of far lesser scope and sensitivity routinely collect information from us. For example, a fast-food vendor can probably put together a mosaic of our behaviour as buyers based upon our interactions with them, and that profile is valuable to the vendor. In much the same way, the profile that will come together as we take the network, deploy the applications, convert or enter the data, and connect at the terminal end the health care providers—the doctors, the labs and whatnot—is going to enable Ontarians to gain the type of quick, timely, critical access to the details of our health records that, in some cases, are going to make the difference between life and death.

What I'd like to come back to is: What applications do we see as the priorities and which ones are furthest along and perhaps closest to deployment at this particular point?

Hon. Deborah Matthews: Let me just describe one that is up and running, and it's called the drug profile viewer. This is available in Ontario's 245 hospitals, and it holds the drug claim histories for all Ontarians who get their drugs through the Ontario drug benefit program, so that means all our seniors, all our people with disabilities on ODSP and all our people on social assistance. If they go into a hospital, a physician can, with a click of a button, see their entire drug history. I'm told by physicians who work in hospitals that this is enormously helpful to them. That's already up and running and really making a difference.

The suggestion that some have chosen to make that we spent a billion dollars and got nothing for it couldn't be further from the truth. We have made tremendous progress and really built the foundation for the electronic health record of the future that we will need.

Perhaps my deputy has more he'd like to add to that.

The Chair (Mr. Garfield Dunlop): You've got about three minutes for those comments.

Mr. Ron Sapsford: If I could just comment on the essential elements, I would say there are three or four components that are essential. One of them is drugs. The minister has talked about Ontarians on drug benefit programs. The object there is to expand it to all Ontarians

so clinicians can access any Ontarian. Drugs is one component, lab information would be the second critical component, and diagnostic imaging is the third. The fourth we need, though, is the piece that links them together. That's the key to developing an integrated clinical record.

The lab system is well under way. We have the majority of private lab information and 50% of the hospitals. The drug piece requires additional work, and diagnostic imaging is well under way.

Mr. Bob Delaney: Indulge me for the last portion of this. Just before I was elected and for about a year or two afterwards, I would go down to the Microsoft campus once a year for one of their summit meetings. I was actually one of the first Canadians to be in that particular program. Basically, we were all under non-disclosure. They showed us everything; however, just about everything I know now is out of date.

But one technology I've used that I watched develop is pen-enabled data entry, which came out commercially as a tablet computer. I've actually seen this in use in Mississauga at a diagnostic lab. Everything that they have there is done using Wi-Fi, and it allows the lab technician or the doctor to use a stylus and a hand-held tablet computer that, using existing software objects, will allow the user to write as they normally would. The system can actually interpret a doctor's handwriting, which tells you how well it's programmed.

I swear to God there is a required course that teaches indecipherable handwriting in medical school; maybe you guys can tell me, I don't know, but I've always wondered.

What this does is on-the-fly, real-time data entry with error checking and reasonable quality assurance of the data going in that allows an electronic record, at their end anyway, to be stored with astonishing accuracy and of course, obviously, easily queriable, easily retrievable and, presumably, easily convertible.

Am I out of time?

The Chair (Mr. Garfield Dunlop): Yes.

Mr. Bob Delaney: Okay. Thanks.

The Chair (Mr. Garfield Dunlop): I thought maybe you wanted an answer.

Hon. Deborah Matthews: Tell us more.

Mr. Bob Delaney: No, no. I knew I was down to the last few minutes, so I said, "Bear with me."

The Chair (Mr. Garfield Dunlop): Okay. Thank you very much to the government caucus. Now we'll go to Ms. Elliott or Mr. Bailey.

Mr. Robert Bailey: Welcome, Madam Minister, and congratulations on your new appointment.

I have a number of questions here, so they're prefaced with some remarks. This is from the member for Niagara West—Glanbrook, who's unable to be here today. The residents of West Niagara are concerned that the new West Lincoln Memorial Hospital is once again facing LHIN-induced delays. You may be aware, Minister, that your predecessor, who recently resigned, was in Grimsby in 2005, when he was infrastructure minister, to announce this new hospital would begin construction in

2009-10. That contradicts what the Infrastructure Ontario agenda indicates, which is that the West Lincoln Memorial Hospital will in fact begin its new construction in 2011.

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Minister, will you commit to the residents of West Niagara that the new West Lincoln Memorial Hospital will in fact begin building in 2011 as scheduled?

Hon. Deborah Matthews: What I will commit to the residents of West Lincoln Niagara—have I got that right?

Mr. Robert Bailey: Yes.

Hon. Deborah Matthews: —is that their health care will continue to get better. We have made significant investments in that region and across the province to really improve the quality of health care and the accessibility of health care for Ontarians.

The LHIN, as I believe the member knows, is undertaking a clinical services plan in the area. This is a very important part of the process. There is a process and we are going to let that process work.

Mr. Robert Bailey: Further to that, the residents of West Niagara have done their part, thanks to the leadership of the West Lincoln Memorial Hospital Foundation, and apparently have raised over \$13.5 million for this new hospital, yet the hospital board itself has been presenting to the local municipal councils and is encouraging the public to attend the LHIN open houses to voice their support for this new hospital.

Minister, if you and your ministry are keeping your commitments, why is there a push for local residents to come out and voice their support for this new hospital to the LHIN? Are these concerns by the residents and the municipal councils unfounded? Can you tell me what they have to be concerned about if you and the LHIN are fulfilling your commitments to them?

Hon. Deborah Matthews: This sounds more like question period than estimates, but hey—

Mr. Robert Bailey: You're doing a good job answering.

Hon. Deborah Matthews: Thank you very much.

What I'll reiterate is, first of all, it's wonderful when a community comes together to support better health care in their community. We see this happen, and I have to say that I really respect people who work very hard to raise the money they need for their local share of any hospital construction.

I will again say that there is a process under way in that community. I am delighted that there is broad participation in that process. That's the way it's supposed to work. Again, I look forward to that process working its way through.

Mr. Robert Bailey: Okay.

On to a different question: The Ontario Medical Association has asked that you and your government put on hold the major restructuring of health care services while your government, which has formed the rural and northern health care panel, does studies and makes their recommendations for health care in rural Ontario.

The region of Niagara, along with each of its 12 affected municipalities, also unanimously supports that OMA position. In that vein, a question: Why did you close the emergency room at Douglas Memorial Hospital in Fort Erie and why did they call for cuts in services at the Port Colborne hospital? Do you and your ministry still in fact refer to these institutions as hospitals?

Hon. Deborah Matthews: Let me speak to the importance of the rural and northern panel that's ongoing. I think all of us, whether we come from an urban area or a rural area, have a reasonable expectation of excellent health care. We also recognize, as health care becomes more and more complex and the services available to people become more specialized, that we have an obligation to retain the highest quality of care for everyone, whether they live in an urban area or whether they live in a rural area.

I'm absolutely delighted that we have in fact established a panel to really examine some of the challenges that exist in rural and northern areas. That work is now under way. I think it's important that we take a good hard and targeted look at that. So I look forward to the results of that work being done. It's one of many initiatives that is really focused on increasing access to care and improving the quality of care in Ontario.

If my deputy has anything to add—no? I've said it all.

The Chair (Mr. Garfield Dunlop): Ms. Elliott?

Mrs. Christine Elliott: In the brief time remaining, I may skip around a little bit, but I'd like to start with a few questions on out-of-country health services, if I might.

The first is a request for information, and I'm not sure whether to direct it to you, Minister, or to Mr. Sapsford. I was wondering if you would be able to provide us with a list outlining the number of medical procedures that were performed outside the country during the last fiscal period, the types of procedures that were performed and the associated costs with each procedure. Can that information be provided?

Mr. Ron Sapsford: I believe so. Certainly the cost is available. Whether it's categorized procedure by procedure, I'll check, but I believe it would be, yes.

Mrs. Christine Elliott: If you could provide that to me at your convenience, that would be great.

Can you tell me if there are any particular trends in terms of the types of procedures that are being ordered, or is there a wide variety in the requests that you're receiving?

Mr. Ron Sapsford: It's quite a wide variety. There is, of course, out-of-country for people who run into emergencies, and out-of-country for procedures that are not available in Ontario sometimes. We monitor that quite closely. I would say several years ago, there was a trend, if I can use the word, of people with acquired brain injury seeking treatment in the United States. The province made quite a concerted effort to invest in those services here in Ontario, so there has been quite a large reduction in out-of-country treatment for that.

The most recent one that has been identified is bariatric surgery. There was quite a large flux out of the country for bariatric surgery. There has been a concerted change in the investment in the province. We've started to invest quite substantially in Ontario hospitals to provide more access to bariatric procedures, and we're now seeing that trend reverse itself as well.

We do look quite carefully at out-of-country trends and try to identify where the clinical demand for services exists and what we then need to do to invest in and expand access in Ontario.

Hon. Deborah Matthews: If I could just add: When it comes to bariatric surgery, in the London Free Press, you will see ads on a fairly regular basis from a medical company in the States offering to do bariatric surgery there. They set up shop at a hotel. People come and sign up for the procedure. They go to the States and have the procedure. That's not acceptable.

There used to be bariatric surgery availability in London. That was cancelled under the previous government, and now we're spending \$50 million or more a year on bariatric surgery out of the country.

Making that investment of, I think, \$75 million over the next three years on an in-province bariatric surgery program is exactly the right thing to do. It also provides, of course, for much better follow-up care for patients who are going through that life-altering surgery.

Mrs. Christine Elliott: I've taken a look at the document called the prior approval application for full payment for insured out-of-country health services and have seen the criteria that are set out there. It doesn't really speak to the cost of the procedure. I'm wondering if you can tell me what steps are taken within the ministry to examine the cost of a surgery. If someone has come forward and said, "I would like to have X surgery and it's going to cost \$70,000," what kind of analysis do you go through at the ministry in making a determination about whether somebody is eligible?

Mr. Ron Sapsford: Patients don't request directly. It's always physicians who are actually making the requests, based on clinical grounds.

We do several things. There's a clinical review or a physician review of the request. If a decision is made to refer out of country, we also attempt to negotiate prior agreements with health facilities in the United States which can provide that particular service. So rather than people simply being referred anywhere, we try to direct them to preferred providers where we have actually negotiated a specific charge for the kinds of cases that are involved. So in referring out of country, we try to get best value for that as opposed to simply sending people anywhere. Those are the principal techniques that we use.

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Mrs. Christine Elliott: What about in a situation where a procedure might be requested by an Ontario physician and an agreement hasn't been negotiated in another jurisdiction? What kind of analysis is gone through by the ministry in terms of determining the relative cost? Is there other research done with respect to

the cost of alternate procedures or is it accepted at face value, the cost of the procedure that's being recommended?

Mr. Ron Sapsford: If it's an individual referral, I would have to say it's simply accepted. We don't stop to do an individual analysis for an individual patient who's being referred, so if the service isn't available at a place where we have a preferred provider, we don't stand in the way of that. The procedure would be done and then Ontario billed back.

Mrs. Christine Elliott: The other question I had just relates to some of the attendant costs relating to a person going to a different jurisdiction for surgery where accommodation costs, meals and so on aren't being allowed for. How does the ministry deal with that? If a person is otherwise eligible to receive the procedure but might not have the funds, is there any way that they can still be able to have the procedure done with those costs being covered, or will they be disqualified from having the procedure virtually by the fact that they can't pay for accommodations and meals?

Mr. Ron Sapsford: The accommodation?

Mrs. Christine Elliott: Yes.

Mr. Ron Sapsford: I'm not sure of the answer to that question. I can find out the details of that. My understanding, though, is that the cost of transportation for the patient is included, but I'll check on that particular point.

Mrs. Christine Elliott: If you could provide me with that information regarding accommodation, meals, and people who might otherwise not be able to have the procedure if that were not covered.

Mr. Ron Sapsford: Yes.

Mrs. Christine Elliott: If I could move now to a couple of other questions. One is, with respect to public health, can you tell me at this point how many medical officer of health positions are currently vacant in the province of Ontario?

Mr. Ron Sapsford: No, but I can get that for you quickly.

Hon. Deborah Matthews: I think you should know that there are no vacancies; we have acting medical officers of health in each of the public health units. There are some, though, that are "acting," but the positions are all filled, and trust me, we've needed every single one of them working very, very hard as we've prepared for H1N1.

Mrs. Christine Elliott: That leads me into my next question on H1N1, because there have been a lot of questions about the planning aspect of it recently. Can you tell me how much time the ministry has spent planning for H1N1? Do you have, first of all, detailed figures together with respect to time actually spent on the planning function?

Hon. Deborah Matthews: Are you asking for numbers of hours spent by ministry staff? I'm not quite sure what you're asking.

Mrs. Christine Elliott: Whatever level of information you can give me. I'm not sure what there is. If you could

tell me—what has been done to capture that information in terms of time spent planning?

Hon. Deborah Matthews: Deputy?

Mr. Ron Sapsford: We have a unit of people who are working full time on it. In terms of full-time equivalents, I could probably find that out, but hundreds and hundreds and hundreds of hours; there's no question at all about that.

Over the course of the summer, as planning continued around vaccine production, distribution and those kinds of questions, there has been constant work going on, in the ministry, in the public health units and between levels of government.

Mrs. Christine Elliott: Would you be able to make an inquiry, Mr. Sapsford, and provide me with that information?

Mr. Ron Sapsford: Yes.

Mrs. Christine Elliott: Thank you. Secondly, just with respect to some of the risk factors associated with H1N1—and you may not have this specific information at your hand—can you tell me what methodology was used to assess the risk associated with H1N1?

Hon. Deborah Matthews: Are you referring to the establishment of the priority groups?

Mrs. Christine Elliott: No, just in terms of establishing the total risk factors relating to how serious a threat it was going to be for public health. In terms of planning, what were the—

Mr. Ron Sapsford: Of the flu itself, you're talking about?

Mrs. Christine Elliott: Yes.

Mr. Ron Sapsford: That would come from population demographics. As public health professionals have watched the outbreak across the world, two factors: death rates from H1N1, and rates of hospitalization and serious complications. Based on those sorts of factors, judgment is made about relative risk: how quickly people recover, how ill they get, what proportion of the population suffers the flu but has a full recovery in a few days. It really looks at death rates and rates of onset as well as complications as a result of the flu.

Mrs. Christine Elliott: The next few questions relate to children and schools. Has the ministry set up a predetermined benchmark to assess, first of all, at what student absentee rate the ministry would advise closing schools? There have been some high absentee rates at some of the schools in the province. Has there been an assessment that has been done with respect to that?

Mr. Ron Sapsford: The approach that's being used is, those judgments are made locally, in consultation with the local medical officer of health.

The decisions about closure of the school have more to do with the ability of the school to continue to function, so the numbers of teachers and staff available to provide adequate supervision are some of the factors that are taken into consideration.

There's no fixed policy. The ministry certainly doesn't have a rule about when a school closes. Rather, it's made

as a judgment between the school and the local medical officials.

Mrs. Christine Elliott: And are they required to report to the chief medical officer of health with respect to those figures on a periodic basis—daily, weekly?

Mr. Ron Sapsford: The figures—

Mrs. Christine Elliott: Figures with respect to outbreaks in schools, student absentee rates and so on?

Mr. Ron Sapsford: Specific outbreaks, yes. Part of the strategy is to identify where outbreaks do occur and then making sure that people are responding to those.

Mrs. Christine Elliott: I have a few more questions. I think I still have a few minutes.

The Chair (Mr. Garfield Dunlop): You've got about five minutes.

Mrs. Christine Elliott: A few questions on family health teams: In the 2007 budget, your government said that 150 new family health teams would be up and running by the end of 2007-08. How many family health teams are currently fully operational?

Mr. Ron Sapsford: We'll find that for you. We'll ask Dr. Tepper.

Mrs. Christine Elliott: Okay, if you could provide me with that, I'd appreciate that.

Dr. Joshua Tepper: At least 148 of them are up and operational at this time. Of the additional new 50 that were announced subsequently, one of them has so far been announced and will be up and running, I believe, this winter.

Mrs. Christine Elliott: And do they all have a full complement of all of the health care professionals that one would expect to see on the team?

Dr. Joshua Tepper: Depending on the type of professional in question—and I can get you the breakdown by provider type—most of them are well over 70%.

Mrs. Christine Elliott: You expect that the additional 50 full-time teams will be up and running by when?

Interjection.

Mrs. Christine Elliott: The 50 additional that were announced. When do you expect that they will all be fully up and running?

Mr. Ron Sapsford: I think for the current year, it's a small number. The plan is for expansion in future fiscal years. The exact number for next fiscal year will be part of our budget discussions this fall.

Mrs. Christine Elliott: Has any consideration been given to augmenting the family health care teams with any mental health professionals? We're certainly hearing, in the select committee, a lot about the need to have more mental health professionals in the community. The suggestion has been made that the family health care teams might be a good place to place them.

Dr. Joshua Tepper: When the communities submit proposals, they are asked to submit suggestions—they actually provide a business case, including the types of providers who best represent the needs of their community. So a group of physicians and caregivers who see mental health as a major concern in their community will recommend a team that will include mental health

expertise in that area. They may see a high rate of diabetes in their community, for example, and may instead put in a mix of people who might be favoured a little bit more in that direction.

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I can quickly give you the numbers in relation to your earlier question, by the way, which are: nurse practitioners—75% have been hired; registered nurses—86%; RPNs—92%; dietitians—84%; mental health workers and/or social workers—89%; pharmacists—77%; educators—79%; and then any other health providers who are not included in that list at 68%, for an overall total of 83% of the anticipated number approved now hired.

I apologize; I was off by one. I said 148; it's 149.

The Chair (Mr. Garfield Dunlop): We've just got a minute.

Mrs. Christine Elliott: Okay. My final question is really in sort of a related field, mental health and addictions, relating to my previous question. I met with someone recently speaking about addiction programs and rehab programs. Specifically, as I understand it now, there are currently 21-day programs. Is there any indication that the ministry is going to be able to augment that and extend it to a longer period of time for a program? It's certainly a big issue that we've been hearing about in committee and from various other groups.

Hon. Deborah Matthews: What I can tell you is that we are very much looking forward to the report from your committee. I want to take the opportunity to commend you for your leadership in getting that going and for your ongoing role on the committee. I really do think it's an example of how members from all parties can work together for the greater good. I really do applaud the work you've done on that.

I think we all recognize that mental health is not something you go in for for 21 days, and poof, you're fixed. It's not like going in for a hernia operation; in many cases, it's going to be a lifelong challenge. Again, I welcome the work you're doing. As we move forward, we'll be informed so very much by the work you're doing.

The Chair (Mr. Garfield Dunlop): Thank you very much, Minister. Thank you, Ms. Elliott. The last rotation we have today is Ms. Gélinas. You've got 23 minutes.

M^{me} France Gélinas: Thank you. The next series of questions is going to be about home care. My first opening comment is that when Minister Smitherman was there, he had put a moratorium on the competitive bidding process for home care services. In December last year, Minister Caplan lifted the moratorium. My first question to you, Minister, is: Have you given any thought to reinstating the moratorium for competitive bidding on home care services?

Hon. Deborah Matthews: I will be perfectly honest and tell you that that topic has not reached the top of my briefing book schedule yet, but I will refer to the deputy for any comments he has.

Mr. Ron Sapsford: The whole process was reviewed and revised. There were stronger requirements put in for

the process in terms of transparency and reporting. The minister of the day felt that the changes were sufficiently positive to move back into that competitive process, and that's currently the policy under which we're operating.

M^{me} France Gélinas: Again about home care: We know that CCACs have limits as to how many hours of care, how many homemaking hours you can get and how many hours of different levels of different services that they offer. Do we know what the total home care hours required are if we did not have those caps? I realize the caps are higher if you've just been discharged from hospital, and if you get the funding from aging at home, you get a little bit more. But have we ever looked as to what would be the real needs in hours for personal support for nursing etc.?

Hon. Deborah Matthews: So your question is, if we were to remove the cap altogether, what would the pressure on the system be?

M^{me} France Gélinas: Yes. Do we ever look at this?

Mr. Ron Sapsford: Yes. I think that the recent changes to expanding caps, as far as we're aware at the moment, have relieved pressure on patients who require higher levels of service. The bulk of the patient population requires average services, so the more intense or the longer it's required, there are fewer and fewer people who need that level of service. I think, in general terms, the change in the caps has made an improvement for that small group. But that's a question we will continue to monitor as time goes on to see if there are other adjustments that are needed.

M^{me} France Gélinas: When you monitor this, is this information that you can share with us? With me, anyway?

Mr. Ron Sapsford: If we have it, yes. Sometimes it's anecdotal. I'm not sure we get it in a consistent way that would answer your question directly, but to the degree that we've got information that answers that, we'll provide something to you.

M^{me} France Gélinas: One line of investigation is really to look at the cap that has been lifted with the new aging-at-home strategy. So how many hours of extra care were provided that wouldn't have been—that would be helpful to me—if we had kept the old cap? At least we'll have an idea of quantifying. If you have it per LHIN, I would be happy to have it per LHIN.

Mr. Ron Sapsford: It would be per LHIN, yes.

M^{me} France Gélinas: Yes, I would prefer to have it broken down by 14 LHINs. If it could be linked to the number of clients who have benefited, that would be helpful too.

Since the competitive bidding moratorium has been lifted and this has started over, how many new contracts have been tendered and for how much money?

Mr. Ron Sapsford: We'll find that for you. Since the new process was put in place?

M^{me} France Gélinas: Since the new process. Can I also find out, of the people who won those contracts, how many are not-for-profit and how many are for-profit, with the dollar amounts?

Mr. Ron Sapsford: I believe so.

M^{me} France Gélinas: The aging-at-home strategy has been talked about in estimates already. I think I can find in my little estimates books how much has been allocated for 2009-10. Do we know altogether how big that strategy is and how much of it was allocated for the first, second and third year? I think it was a three-year strategy.

Hon. Deborah Matthews: I believe it is \$1.1 billion over four years.

M^{me} France Gélinas: And we are in year two?

Mr. Ron Sapsford: Yes. We're in year two. So, for 2009-10, in this estimate, \$223 million; in 2010-11, \$382.4 million; and 2011-12, \$382.4 million.

M^{me} France Gélinas: And those were the original estimates for the entire strategy, and as far as we know we're still committed to those numbers?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: Okay. In my constituency office, I often get people complaining about waiting lists for home care. Is this something that CCACs report on to the ministry or to the LHINs or to anybody? Do they keep track of their wait lists for rehab services, for nursing services, for homemaking services, the different programs that they have? How many people are on the waiting lists, and on average, for how long, by CCAC?

Mr. Ron Sapsford: It wouldn't be routinely reported to the ministry. The CCACs are responsible, though, for long-term-care placement. So when we hear about waiting lists with respect to CCACs, it's generally in long-term-care placement. Waiting lists for home care, I would suspect, is not an issue. Discharge from hospital and relatively immediate access to home care would be my expectation. There is information kept on waiting lists for access to long-term-care homes. That's kept by LHIN and it's kept by home. The CCACs have quite an active management of waiting lists for long-term care.

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M^{me} France Gélinas: I will get to this in a minute, but for now, I was not looking at placement; I was looking at—I can tell you that there is a wait list for rehab services in my CCAC. Is mine the only one and are they reporting on those wait lists?

I agree with you that for people who get discharged from hospitals, things tend to fall into place relatively quickly—often not as quickly as we want them, but relatively quickly. For people who are referred directly from the community in the Sudbury CCAC, the wait lists are very long. Are they an anomaly and do we keep track? Where do they report on that?

Mr. Ron Sapsford: Yes, for the wait lists for access, be they community or hospital as the source, we would. Most of their discussion about wait lists, though, would take place between the CCAC and the local health integration network. There's no formal reporting of wait lists directly from the CCAC to the Ministry of Health.

M^{me} France Gélinas: Okay, and that's except for replacement. Whether it's rehab or nursing, none of those are reported anywhere; they just—

Mr. Ron Sapsford: Correct.

M^{me} France Gélinas: It's too bad. We should document wait lists. It would help to identify areas that need attention.

The other one that I'm a little bit puzzled about—and I was wondering if it's specific to Sudbury: In Sudbury and in Sarnia, we have what we call home care clinics, which are when people on home care will go to the clinic to either have a complicated dressing changed or things like this. Are those common?

Mr. Ron Sapsford: They're becoming more common, yes. Rather than a nurse travelling to five different residences, sometimes the patients will come to a clinic together. In some cases, it's for activation of the patients themselves, sometimes there are social environments provided at the same time, or there's a complicated treatment involved. It's becoming more and more common, I would suggest to you, as an alternate way of providing non-hospital, community-based follow-up care and treatment.

M^{me} France Gélinas: And are the payments the same? It's a unit of treatment. Does the company that provides those services get paid the same, whether the nurse goes to your home or if they go to the nurse at the clinic?

Mr. Ron Sapsford: No. I expect that in the provision of the contracts, there would be a different pricing arrangement. But what that is, I'm not sure.

M^{me} France Gélinas: Is this something that is bid on competitively and independent? Like, the CCAC would ask, who is interested in running a home care clinic?

It seems a bit of an oxymoron, eh, "home care clinic"? But I don't know what else to call them.

Mr. Ron Sapsford: It's a good attempt—home care clinic.

It's probably part of the service requirements. When there's an RFP put out for service, a certain volume of service provided on that basis is probably part of the RFP. But I'd have to check into that to see exactly whether it's part of a broad service contract or whether they do it independently of the home visits.

M^{me} France Gélinas: While you look, if you could find out how many there are, I would be interested too.

Mr. Ron Sapsford: Okay.

M^{me} France Gélinas: All right. And if we have volume of service for those contracts, I would be interested in that too.

Mr. Ron Sapsford: Okay.

M^{me} France Gélinas: Thank you. Coming back to placements, my area has been on a 1A priority list for years now. The issue is now, if you're an ALC client, as soon as a bed becomes available, you will be transferred into that bed. In Sudbury, we have our person who's been waiting longest for a transfer to his home of choice for five years. Basically, what we tell them is that you have to take this bed when you're in a crisis 1A, so that means they get discharged from the hospital to the first long-term-care bed that becomes available, which is often not their home of choice, and then they pretend that they're on a waiting list to transfer to their home of choice. But because we've been in this crisis for so long, as I said,

the person who has been waiting the longest to transfer to his home of choice has been waiting for five years.

We have over 200 of those patients in Sudbury alone, and I think every single family member has come to talk to me because they are very unhappy. I could be busy in my constituency office just handling people who are not happy with their placement. Is there a willingness within the ministry to look at the situation created when a community has been in crisis mode for a very long time?

Mr. Ron Sapsford: This is part of the work of the local health integration network. I'm aware, certainly, that in the northeast, in that part of the province, this issue about access and resources is an ongoing part of their consideration.

There's not a specific move in the ministry to look at that particular policy. I think the policy is designed to place people at the appropriate level of care, so people in acute care hospitals who need to be placed in long-term care is the principle that we work from.

Then, as you pointed out, there's the issue about preferential placement in the home of choice, and at the moment, I believe it's based on three choices. People have to be prepared to accept one of those three placements from an institution. The objective is to move people to appropriate levels of care and then sort through, on a case-by-case basis, the question of preference of home.

We're looking actively at alternate levels of placement as well—supportive housing as another alternative, expanding the home care options, as we've already talked about—and providing more innovative care in the community to allow people to stay in their homes. So there's a whole series of initiatives that are at play here, but it is community by community, where there are issues around capacity at a particular level of care. These problems will come up.

M^{me} France Gélinas: I think I will bring this issue up through a different forum. It is something that is not working in my community, it's not working with the CCAC, it's not working with the LHINs, and they blame the ministry for not being able to move. You'll hear about this quickly, but in another forum. Stay tuned.

Talking about placement brings me to long-term-care homes. In the last request for proposal—and my memory fails me right now. I think it was about two years ago for about 3,000 beds. Don't quote me on this; I can't remember the exact numbers. From the last request for proposal, in the announcements that were made, how many of those homes are up and running and how many of those beds are up and running?

Mr. Ron Sapsford: We'll find that out.

M^{me} France Gélinas: It looks like it's coming.

Mr. Ron Sapsford: No.

M^{me} France Gélinas: Okay. So you will find this out?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: Is there an intention at the ministry level to have another request for proposal for more long-term-care beds?

Mr. Ron Sapsford: There are, I believe, about 1,000 still remaining for request. The next strategy is re-

development of some of the older homes, refurbishing of—the plan is for about 7,000 beds, but those are the existing stock, not new stock.

M^{me} France Gélinas: I didn't get what you said. You said there are about 1,000 remaining for request. What does that mean?

Mr. Ron Sapsford: There were the 3,000 that you referred to, and I think, in terms of the plan, we still have roughly 1,000 left.

M^{me} France Gélinas: Have they been allocated?

Mr. Ron Sapsford: No.

M^{me} France Gélinas: So how can communities apply for those 1,000 beds?

Mr. Ron Sapsford: At the moment, you couldn't. We have to go through that process of allocation.

M^{me} France Gélinas: And do you know when that process of allocation could be coming forward?

Mr. Ron Sapsford: No, not at the moment.

M^{me} France Gélinas: Can you keep me posted?

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: Okay. The per diem paid to long-term-care facilities—let's take one envelope at a time. Are there increases coming to the per diem pay to long-term-care homes?

1700

Mr. Ron Sapsford: For long-term care in the current estimate, the printed estimate is \$3,159,000,000 and that moves, in this fiscal year, to \$3,283,000,000. The components of that increase—the stabilization or the general increment—are about \$39.5 million. There is a fund for acuity, so there are adjustments made based on the acuity level of residents in those homes, and that amounts to an additional almost \$42 million. There is about \$3 million for adjustments to the comfort allowance for the residents—this would be the amounts of money that individual residents have available for their own personal use—and about \$5 million, which is the annualization for the PSWs who were added in the prior fiscal year. There were additional amounts put to complete the implementation of personal support workers. Then, as I mentioned to you yesterday, \$33 million for the implementation of the new regulations. Those would be the increments for the current year.

M^{me} France Gélinas: It was this morning. It just seems like a long time ago.

Mr. Ron Sapsford: Yes. My apologies.

M^{me} France Gélinas: That's okay.

If we look at the CMM, the case mix, it has climbed by 4.23% to an average of 100.04. You've just told me now that there's \$42 million that has been allocated. Is the money linked to the increase in case mix? What's the link between the two?

Mr. Ron Sapsford: There's an assessment done on a, I believe, home-by-home basis on an annual basis. It's allocated based on how the intensity measures vary home by home, and then adjustments made. So there is an effort to try to keep the acuity fund, at least, allocated in way that represents the changes in the care levels for a particular home.

M^{me} France Gélinas: So a home where an acuity level would have risen more will get more of an increase than a home that hasn't?

Mr. Ron Sapsford: That's correct.

M^{me} France Gélinas: Okay. As you know, I asked for the staffing levels on a regular basis.

Mr. Ron Sapsford: Yes.

M^{me} France Gélinas: We can see from the report that you gave me that there's a big difference between the staffing levels at not-for-profit versus for-profit homes. Is this something that your ministry looks at, and is this something where your ministry is interested in re-balancing? Often, the for-profit homes will have a higher acuity index than the not-for-profit, yet the staffing levels are lower. Does the ministry do anything with that information?

Mr. Ron Sapsford: I'm not saying it's in every single case, but in many cases some non-profits, particularly in the municipal area, supplement their funding beyond the per diems that are provided through the extended health care benefit, and that goes some way to explain some of the differences.

M^{me} France Gélinas: But not all of them are charitable municipal homes. Some of them are simply not-for-profit homes where the level of funding they get from the ministry is what they work with.

Mr. Ron Sapsford: That's correct.

M^{me} France Gélinas: But they are able to dedicate more of those resources toward staffing than in the for-profit sector.

The Chair (Mr. Garfield Dunlop): A minute and a half after this.

Mr. Ron Sapsford: The basic technique that we use is the inspection function, so ministry staff routinely inspect all homes—for-profit or non-profit—and look at the standards of care that are expected in the regulations to ensure compliance and, where compliance isn't achieved, then enter a process of discussion with the operator to ensure that that's the case. It's really a process of making sure that homes are in compliance with the regulation.

M^{me} France Gélinas: Okay. I'll ask a whole bunch of questions and you can just send me the response. Just nod as a yes or no, if you're willing to give me them.

The Chair (Mr. Garfield Dunlop): You've got a minute now.

M^{me} France Gélinas: The first one is: When will the Sharkey implementation committee report be released, and will it be released publicly? The next one is on the Casa Verde inquest: Can I have an update as to how many of the recommendations are being worked upon and have been successfully done? When will staffing information reported from long-term-care homes be on

the public website? When can we expect this to start and to actually happen? And the same thing: When will the ministry begin releasing acuity data from the new computer system that you have put into place?

The Chair (Mr. Garfield Dunlop): You'll be able to get back to her with those answers?

Mr. Ron Sapsford: Yes, certainly.

The Chair (Mr. Garfield Dunlop): That concludes the time.

M^{me} France Gélinas: Did I use my minute?

The Chair (Mr. Garfield Dunlop): Yes, you did.

M^{me} France Gélinas: I still have a question.

The Chair (Mr. Garfield Dunlop): That's on top of the other three or four minutes you got earlier today.

Ladies and gentlemen, that concludes the Standing Committee on Estimates for the Ministry of Health and Long-Term Care. We have a couple of votes here.

Shall vote 1401 carry? Carried.

Shall vote 1402 carry?

M^{me} France Gélinas: I have no idea what we're talking about. What is that?

The Chair (Mr. Garfield Dunlop): The different sections of the estimates.

Mr. Bob Delaney: Just say "carried."

M^{me} France Gélinas: I don't want to say "carried." I want to know. What do 1401 and 1402 look like, and am I supposed to have a copy of this?

The Chair (Mr. Garfield Dunlop): No.

M^{me} France Gélinas: I'm not supposed to have a copy of that? Well, that settles that.

Interjections.

M^{me} France Gélinas: Sorry. Sometimes I'm confused.

The Chair (Mr. Garfield Dunlop): Shall vote 1402 carry? Carried.

Shall vote 1403 carry? Carried.

Shall vote 1405 carry? Carried.

Shall vote 1406 carry? Carried.

Shall vote 1407 carry? Carried.

Shall vote 1411 carry? Carried.

Shall vote 1412 carry? Carried.

Shall the 2009-10 estimates for the Ministry of Health and Long-Term Care carry? Carried.

Shall I report the 2009-10 estimates of the Ministry of Health and Long-Term Care to the House? Agreed.

Thank you very much, everyone, and thank you to the Ministry of Health and Long-Term Care, the staff and the Minister for a job well done. Thank you to all the members of the committee.

We're adjourned until tomorrow after routine proceedings.

The committee adjourned at 1706.

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Ministry of Consumer Services

Chair: Garfield Dunlop
Clerk pro tem: William Short

Assemblée législative de l'Ontario

Première session, 39^e législature

Journal des débats (Hansard)

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STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 4 November 2009

Mercredi 4 novembre 2009

The committee met at 1553 in room 151.

MINISTRY OF CONSUMER SERVICES

The Chair (Mr. Garfield Dunlop): We'll call the meeting to order. We are here today for the consideration of the estimates of the ministry of small business and consumer services for a total of seven and a half hours. The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may at the end of your appearance verify the questions and issues being tracked by the research officer.

I now call vote 3101. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party, and you may ask questions, of course, in those 30 minutes as well, if you wish. Then the minister will have up to 30 minutes for a reply. If you don't wish to use those 30 minutes, Minister, we will immediately go into rotations of 20 minutes by the official opposition, followed by the third party and then the government. The remaining time will be apportioned equally among the three parties.

With that, welcome, Minister McMeekin, to the estimates committee, and all the staff of the ministry of small business and consumer services. You have the first 30 minutes, Minister.

Hon. Ted McMeekin: Thanks very much, Mr. Chairman. This is my first time before the estimates committee. As you know, I'm the brand new Minister of Consumer Services, so bear with me. I have with me some helpful ministry personnel. Fareed Amin, my deputy minister, is here, and he's immediately to my right; and David Clifford, our acting CAO, is here to answer any of the technical, fiscal type of questions that you may have. We also have some others, but if it becomes appropriate to reference them, I will do that, of course, through the deputy minister, who knows them all very well.

Welcome, committee members. Thank you, Chairman and committee members, for this opportunity.

The Ministry of Consumer Services was created to protect consumers and to promote public safety. In fact, when the Premier gave me this job, he told me he wanted

a minister and a ministry that would be unabashed advocates for consumers. That, of course, is what we try every day to be. In fact, it is my personal goal to do everything I can to ensure that that's the approach we take, and wherever possible, to be proactive on issues. I'm a great believer in what I call case-to-cause advocacy. If you have an issue and you have some way of solving that, if there's some way you can generalize it so that the benefits of having found a solution can accrue to others, that's really good. So we're working very hard to partner with a number of consumer groups and others, and of course trying to be driven in a principled way where those actions that we take are ideally designed to help the greatest number of people.

Whether we're educating consumers to shield them from unfair or unethical business practices and scams or working with the electrical safety association to ensure electrical installations meet the provincial code, we're working to strengthen consumer protection and public safety.

Chair, you have to forgive me; I'm still recovering from a cold I had, so if you can't hear me just say so and I can repeat.

The Chair (Mr. Garfield Dunlop): You're just fine. There used to be bulldozers out here, so you're very clear.

Hon. Ted McMeekin: I'm pleased for that.

The Ministry of Consumer Services comprises two significant operational areas, one focused on protection and education for consumers themselves, and the other focused on the effective implementation of the regulatory environment in a number of industry sectors. We also play an important role in oversight of the administrative authorities that administer certain laws on our behalf. I'm going to take some time to describe the work of these areas for you. All of our spending, in one way or another, is dedicated to supporting these goals, so it's appropriate that I first give you an overview of our primary functions.

First, consumer protection: The ministry's key activities in the direct delivery of consumer protection programs involve dealing with consumer complaints, sometimes negotiating on their behalf, conducting inspections and investigations, and providing consumer education.

Let me say a bit more about how we deal with consumer complaints. In the most recent quarter, July to September of this year, the ministry dealt with 13,694 consumer complaints—12,278 by phone and 1,416

written complaints. Based on a survey of 400 consumers in this same period, 93% of these consumers said the service they received from our ministry was either good or excellent. The courtesy and helpfulness of our ministry staff was also rated as good or excellent by 93% of respondents, and an astonishing 99% said they got exactly the information they needed in a reasonable time. I think that speaks fairly highly, generally.

1600

Often, a consumer complaint reveals the need for further inquiry. Frequently, we will go to bat for the consumer and directly contact the business owner who's causing the concern. If appropriate, we will attempt to mediate a resolution to the complaint. This approach is often capable of producing very effective results. From January 2008 to September 2009, for example, without resorting to courts and charges, the ministry assisted consumers in obtaining \$719,575.86, give or take a few cents, in mediated refunds and \$282,465.40 in contracts that were cancelled or rescinded. In other words, we are effective in helping consumers obtain their rights and also in helping to educate business operators as to their obligations. In fairness, I should add that in many cases, simple education is all that's needed. Many business operators, once the requirements are clearly explained to them, are happy to comply.

However, if mediation fails or we otherwise become aware of a possible infraction of our consumer protection laws, we don't hesitate to go further. From January 2008 to September 2009, our inspection, investigation and enforcement actions included making 628 compliance inspections and field visits, conducting 168 investigations and laying 2,731 charges. This resulted in \$739,275 in fines against violators, 45 individual offenders being placed on probation for a total of 859 months, and a further 18 individuals being incarcerated for a total of 46 months. Those are the numbers. Let me come at this same issue from a slightly different perspective, because that's all inside baseball stuff, right?

One example of an investigation by the ministry a few months ago resulted in a fine of \$9,000 against a Newmarket design and renovation company. The Ontario Court of Justice in Newmarket levied the fine against the operator. The ministry stepped in to investigate the company after consumers complained of losing large deposits, with no work being done. The operator will be required to repay \$2,150 to his consumers as a result.

But it doesn't stop with refunds. No, the company's contracts also lack basic information about consumer rights as required by law. Requiring that this information be on all contracts is another that we protect consumers. Furthermore, the company ignored customer requests for refunds. Ignoring a customer's legitimate request for a refund is yet another infraction under our legislation and so provides a further protection.

These extra infractions contributed to the court's decision to fine the operator \$9,000 in addition to the requirement to repay down payments to consumers. The court also put the operator on two years' probation with

several conditions, including an order that the individual cannot accept any further deposits for work before the actual completion of the job. That's pretty tough.

There are many more examples. A fine of \$4,500 was levied against the operator of a concrete business outside of Peterborough, plus court-ordered restitution of \$6,500 to consumers for violations under the CPA; that's the Consumer Protection Act. Sorry; I shouldn't talk in acronyms like that.

A swimming pool construction company was fined \$75,000 in order to pay restitution of \$25,000 and \$7,500 in compensation. A 30-day jail term was imposed on the individual behind a home improvement group company for misrepresentation, using deficient contracts and failing to provide refunds under Ontario's Consumer Protection Act. The corporation was fined \$2,850, and the operator paid \$3,500 in restitution to a consumer and was ordered to repay a further \$1,000. I could go on but I won't.

Our investigations, the resulting charges, prosecutions and the ultimate sentencing send strong messages to consumers and businesses alike. Consumers learned that the Ministry of Consumer Services is here to help, not just by providing helpful advice, although we certainly do that, but also by being willing to go much further to take up a complaint, investigate it and see it through to a judicial conclusion. Those relatively few business operators who seek to prey on consumers also learn, to their chagrin, that you can't get away with that kind of thing in Ontario, at least not for very long. In Ontario, being open for business includes supporting an ethical framework where businesses and consumers alike know that they will be dealt with fairly and that there will be consequences if they fail to deal with others fairly.

We also commit time and resources to public consumer education. The ministry distributed in 2009 over 300,000 copies of the Smart Consumer Calendar in multiple languages, including English, French, Spanish, Portuguese, Chinese and Punjabi. This year, 2009, was the first year that multilingual calendars became available. I think many members of the committee are familiar with them, and one of the most frequent calls we get at this time of year from constituents, particularly seniors, is, "When's the calendar going to be out?" It will be out soon, by the way, within a couple of weeks. The calendar provides a year's worth of helpful information about avoiding counterfeit currency, getting help with resolving automobile warranty problems, protecting themselves from identify theft and other issues. We expect to begin distributing the 2010 calendar next week, and I hope you'll all take advantage of it. By the way, if members would like some extra copies, other than the 100 that are routinely shipped out, please let us know. We'd be delighted to do that.

Ministry staff attended approximately 100 public education community events per year, including speaking to over 500 students at Ryerson University in March 2009. I have a daughter there and I know a little bit about some of the kinds of student scams on campus. I hear about

them all the time. We also distributed articles related to consumer protection through News Canada to 71 different media newspapers, including French-, Spanish- and Romanian-language newspapers.

Finally, we promote consumer awareness on current and emerging consumer issues. The Ministry of Consumer Services website provides a comprehensive resource for consumers. It includes a consumer protection survival guide, which helps consumers know their rights and learn how to exercise them effectively, and a Consumer Beware database, which allows consumers to research whether individuals or businesses have been found guilty of failing to comply with consumer legislation. It's a handy tool. We also produce and distribute dozens of issue-specific brochures and tip sheets in many languages to provide consumers with valuable information about their rights and how to protect themselves in the marketplace.

In all these ways, the staff at the Ministry of Consumer Services work to provide direct benefit to the people of Ontario.

Now, if I may, let me turn to administrative authorities. This second area of operational focus is equally important. It is the oversight of public safety and consumer protection through a series of administrative authorities. One of my first actions on becoming Minister of Consumer Services just over four months ago was to receive a comprehensive, third-party expert review of the administrative authority model. The model, as many of you no doubt are aware, was conceived in 1996 by the previous government and had been evaluated once in 2001, in the early years of its development. This new review gave us an opportunity to look at the model in a more mature state and to assess its strengths and weaknesses, which was our goal in doing the review.

The review's overall findings were twofold. First, as a model, the system of delivering consumer protection and regulatory governance through an administrative authority is working well. It's a good model. It has served public safety and consumer protection for Ontario both through enhanced service and through investment in prevention and education.

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To provide more detail on this, let me quote from the review itself: "The DAA Model construct, as applied in Ontario, has produced many positive achievements:

"Positive public safety;

"Financial stability;

"Expansion of industry and consumer advisory infrastructure;

"Increased and ongoing investments in a number of operational areas, including: major enterprise information technology systems; education and prevention programs; risk-based decision models; customer service and the inspection function;

"Provision of support to other sectors and other jurisdictions, both in terms of sharing of regulatory practices and in services as well;

"Innovative approaches to performance management and risk-based decision-making practices;

"Development of an ongoing focus on metrics that provide a balanced view of business and public safety performance."

Yet another strength to the administrative authority model was the way that it leverages and multiplies the resources available for consumer protection. My ministry has fewer than 150 staff, but with administrative authorities included, the total number of staff devoted to these areas swells by almost tenfold, including almost 1,200 full-time people employed and paid for by the administrative authorities themselves.

The second major finding of the model review is that day by day and organization by organization, the administrative authorities are doing a good job. It's important to know. People ride elevators taking their safety for granted; electrical installations work as they were designed to do; unupholstered goods are filled with clean materials—in fact, I spent a whole day down at the CNE inspecting the stuffed animals down there; it was quite an insight on how they work—hard-working Ontarians fly away on well-earned vacations knowing that they purchased their vacation from a travel agent registered in Ontario. They will be protected and brought home safely in the unlikely event that their travel company should suddenly cease operations.

Members of the committee will be aware, as I am, of the terrible tragedy that occurred a little more than a year ago when improper procedures followed by Sunrise propane took two lives and caused significant property damage. I will speak further to this when I address the Technical Standards and Safety Authority specifically.

The TSSA was one of the administrative authorities included in this review. These are the overall findings: It's a good model, the individual organizations are performing well, but it will not surprise you to learn that amongst the reports of nearly 400 pages there were numerous suggestions for improvement. My officials have already begun implementing many of these and have initiated systematic discussions with the administrative authorities aimed at implementing the remainder in a timely manner. I emphasized this point when I met with the leadership of the administrative authorities just last week. By the way, I've instituted a practice that we intend to carry forward of meeting quarterly with the chairs and CEOs of all the designated authorities. I quote from something I said that morning: "I want to reaffirm my commitment that as we embark on this program of improving our operations, we will do so in partnership. I am committed to regular meetings with you so that we have the opportunity to share information freely and learn more from each other. That said, we are going to move forward with the important recommendations outlined in the model review."

So what are these recommendations? I believe the most important and immediate recommendations fall into three broad categories. These three areas of focus are going to drive a significant portion of our relationship

with the administrative authorities in the coming year, so I think it's appropriate that I share them directly with you. They address good governance, transparency and accountability. I have requested that DAAs review and update their corporate and regulatory governance practices, and as a priority I've asked them to report on key outcomes that demonstrate their contribution to the well-being and safety of Ontarians.

I'm going to quote at some length from the remarks I made to the administrative authority last week about these three areas. I said:

"First, the administrative authority model review distinguishes between what it calls 'corporate' governance and 'regulatory governance.'

"Let me put it in simpler language.

"Corporate governance has to do with your board's concern with generic oversight, fiduciary roles, structure and functioning.

"Many of you are using best practices in this regard and some are leaders. I believe there is room for enhancement. One very practical outcome should be a succession plan for senior leadership, which is an identified need for many of you.

"Regulatory governance is the capacity to periodically evaluate how you are carrying out your regulatory role. As a regulator, you need to know if you're carrying out your regulatory responsibilities in the best possible way, and, if not, how you can improve. This capacity can be enhanced.

"Second, there is a need for a consistent approach to a regulatory impact analysis, or RIA, which is informed by internationally recognized best practices. I am aware that our ministry has been working with you on an RIA template and I look forward to reviewing the results of your discussions.

"Third, as a matter of priority, I'm asking each administrative authority to work with ministry staff to propose a key set of outcome indicators that will help to demonstrate the way in which your organization is contributing to the well-being and safety of Ontarians.

"This will form the foundation of what is being referred to as the 'scorecard.'"—I refer to it as the scorecard. "It will provide us with benchmarks to track our performance and enhance our accountability.

"You are all aware of the truism that 'what we don't measure, we don't manage' and the converse, 'what gets measured is what gets done.' It is critically important, therefore, that we know we are measuring the right things, the things that really matter."

To conclude this overview of the administrative authorities, I want to say that I've been very pleased to engage in this review process. The fact that the model is working well and has no major failings is, of course, gratifying. Even before engaging, from my perspective, is the very practical guidance we have received about how to take a good thing and make it even better. I'm fully committed to seeing this through, and I've made that very clear to the administrative authorities. I've been pleased by their positive response and am impressed by

the collaborative manner in which they have stepped forward on implementation. We are moving forward together.

Now let me offer more specific comments on a few particular administrative authorities and some of the issues we have dealt with. The Technical Standards and Safety Authority on August 10, 2008—we remember the tragic explosion. In the immediate aftermath, the government established an expert propane safety panel and appointed two independent experts, Dr. Michael Birk and Mrs. Susana Katz, to this panel. The panel was asked to conduct a comprehensive safety review of Ontario's legislative and regulatory framework for the storage, handling, location and transport of propane. The panel received submissions and suggestions from a wide range of participants, including the propane industry, municipalities, ratepayers, emergency responders and the insurance industry.

In November 2008, the panel issued a report which concluded that the building blocks for propane safety that are in place in Ontario have served Ontarians well over the years. At the same time, the report made 40 specific recommendations to further enhance propane safety in this province. The government has acted on the vast majority of these recommendations. As well, the Technical Standards and Safety Authority issued its own action plan to respond to the panel's recommendations outlined in their report.

In December 2008, TSSA completed a re-audit of all propane-filling facilities in this province. The re-audit did not identify any trends or systemic safety issues. In addition, the government put in place new regulations implementing a number of the panel's recommendations to further improve the safety of Ontario's propane system. These regulatory amendments, which were designed to enhance safety, include:

- a minimum of annual inspections for propane facilities;
- additional requirements for the licensing of propane facilities;
- stricter limits on the storage and inventory of propane;
- enhanced training requirements; and
- public availability of a facility's emergency preparedness plan.

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Two of the recommendations require legislative changes. These changes have been incorporated into amendments in the Technical Standards and Safety Statute Law Amendment Act, which, if passed, will require propane operators to carry insurance as a condition of licensing and provide the TSSA with clear authority to respond to imminent hazards and to charge the cost back to the operator.

This is an appropriate response. We know that tragic events can happen no matter how well prepared we may be. There's no perfect system. There are no steps that can guarantee absolute safety. That said, we must never be complacent. We have a responsibility to seek continuous

improvement. If we have the misfortune to experience a disaster, we must seize the opportunity to learn from it. What went wrong? Why did it fail? How can we improve? The propane safety panel made specific recommendations for improving propane safety and we're acting on all of them.

The administrative authority model review, a separate activity that looked at governance in all the administrative authorities, affirmed this model of regulatory management and made suggestions for improvement. We are acting on those suggestions. No model is perfect, but this is the model we're working with and we are focused on moving closer to perfection, day by day.

Ontario travellers for example are protected as well as any Canadian citizens, and better than most, when they make travel arrangements through a registered Ontario travel agent. We saw a graphic example of this last year when Conquest Vacations suddenly ceased operations, stranding thousands of travellers. Because of Ontario's consumer protection laws, any traveller who dealt with a registered Ontario travel agent was able to have their out-of-pocket expenses fully covered and they returned safely home.

The Chair (Mr. Garfield Dunlop): About two more minutes.

Hon. Ted McMeekin: Thank you.

Even in the case of outright fraud by a travel agent—this happened not long ago with One Step Travel—TICO was able to intervene to assist in obtaining convictions against the fraudulent operator and to reimburse consumers. This model—a self-financing model, by the way—worked.

More recently, we learned that the Board of Funeral Services is assisting the Ontario Provincial Police as the board's internal procedures uncovered evidence of fraud against consumers who had prepaid their funeral expenses. Again, the model worked.

To conclude these remarks, I don't mean to suggest to you that I think consumer protection in Ontario has achieved such an exalted state that nothing further needs to be done. Indeed, I hope I've been clear in saying, to the contrary, that I am actively promoting a culture in which we are constantly looking for ways to improve.

I've told all of our staff that nobody gets in trouble anywhere here for helping somebody out; understand that. We are unabashed advocates of consumers. That's our task. We're moving forward with all of our intellect, talent and resources to achieve that. I'm very proud of what we've been able to do so far, I'm proud to be part of this work, and I and our ministry remain unabashed advocates for Ontario's consumers. We're doing good work and we thank you for the attention you've so respectfully paid today as we made the remarks.

The Chair (Mr. Garfield Dunlop): Okay. Thank you very much for those remarks. Now we'll go to the official opposition. Ms. Munro, you have up to 30 minutes to make a statement or to question the minister, whatever you wish.

Mrs. Julia Munro: Thank you very much. I'm glad you included that I can also go into questions for the minister. I have very few opening remarks that I wish to make and then, in this first round, I do want to deal with a few of the issues that I see as particularly important.

I think there would be agreement around the table here that the importance of consumer services is something that we would all recognize. You had spent the first part of your presentation talking about how important it is to provide consumer protection. Obviously it falls, as I understand it, into two fundamental areas of protection, that being the legal one, in terms of the way in which the laws support the opportunity that you are given under that legal framework to identify particular problems that come to you and the complaints, and then conduct investigations which then may lead to laying charges, collecting fines and so forth.

I think the other part of that consumer protection is equally important but perhaps a little harder to quantify, and that is the question of consumer education. In your remarks further on you talk about, in the model review, the importance of good governance but also, and more particularly in the case of jumping back to the education piece, transparency and accountability.

As you spoke about education beyond the website and the calendars, it struck me that it's really important to be able to look at the identification and the measurement of whatever outcomes it is you have set for yourself. You mentioned, for instance, in the publication of the calendar, the importance of providing the calendar in many languages, as you have done. But I think from the point of view of the good governance that you mentioned in the model review, we could look at that same logic in terms of the education piece and how it is that the ministry can identify and measure some of the outcomes, benefits and the way in which you can come to some conclusion on the validity of particular processes and their outcomes. I recognize that's a difficult thing, but I just think that if we're going to spend time, money and effort on education we also need to know how well it's working.

I also think, in the areas of consumer protection, it's an ongoing issue even to educate people in terms of the areas of purview of the province, particularly when you have the Internet and websites and things that will happen outside Ontario that certainly mean that Ontarians are not protected or insulated against those business scams that come from outside the province. So I would offer the suggestion that that becomes really part of the education process as well; to be able to identify for people what it is that you cannot act on and certainly something that today is a greater and greater threat to people in the area of consumer protection.

I want to spend more time on the areas of the administrative authorities, particularly since we have Bill 187 in front of us in the legislature, the TSSA. I certainly agree again with the principles that you've identified as important to be able to move forward, but I would offer to you the suggestion that incumbent upon you when you

look at trying to establish the goals of good governance, transparency and accountability, the issue of consultation is a critical piece to providing the right foundation for the achievement of those principles. I have some concern about the area of authority, when you dealt with the delegated administrative authority, to what extent people were engaged in that, and then, of course, what happened as a result of that engagement. Later on, I'll refer to some specifics that are of concern to me.

1630

I have to say, while I'm making generic comments in terms of consumer protection, that as the minister well knows, the number one consumer protection issue for me is what we're doing to prevent the sale of illegal tobacco and protecting consumers against that issue. I know that he's going to tell me that it's a multi-pronged issue; nevertheless, it seems to me that, while we're on the discussion of consumer protection, protecting those consumers who are under 19 years of age is something that is sadly lacking in this province today. I would be remiss in not mentioning that.

I'd also offer the challenge to the minister—and I accept his position that he's not entirely in charge of that, but I would ask him to lead the charge to look at the impact on health, health promotion, community safety, revenue—there are at least five other ministries that have something to say and a role to play. It would seem to me that as the champion of consumer protection, this would be the right horse to ride in that charge on the sale of illegal tobacco. It's also, of course, an economic issue for those businesses that are trying to keep themselves afloat selling legal tobacco.

With that, I would like to turn to some issues that are of particular concern. The first one I'd like to raise is the question of the protection of heritage cemeteries. This is something that has been within the purview of this ministry for many, many years, despite the fact that when the Ontario Heritage Act was amended, at the committee hearings the parliamentary assistant of the time did make a commitment to work with what is now your ministry on the issue of protecting inactive cemeteries through cemetery legislation. Obviously this has been an issue of quite long standing, but there certainly have been indicators like the parliamentary assistant of the day, Jennifer Mossop, who did make that commitment.

We know that there have been several situations where inactive cemeteries have been lost over the years. Some of them have been dug up and taken away. I particularly remember the cemetery created by black settlers in Grey county where the remains were removed to an undisclosed location at some point in the past.

We have a whole history on the protection of inactive cemeteries. Again, I would be remiss in not recognizing the stellar efforts made by the member for Stormont-Dundas—South Glengarry in bringing in a private member's bill on this issue.

My question is very simple: Will you be offering protection to inactive cemeteries under the 2002 act? If I look at the very little I know of it, it does also include in

the discussions the questions of looking at inactive cemeteries as well as aboriginal burial sites. I would throw out to you that this is still something that a great many of the members of the heritage community particularly are looking for your leadership on.

I need direction: Do I just wait for a response or do I keep going?

The Chair (Mr. Garfield Dunlop): No, the minister can respond. You've got until the 30 minutes are up.

I do want to remind committee members, though, that, with about two minutes left of the 30-minute bell, we'll adjourn and go up and vote on this 30-minute bell.

Just carry on.

Mrs. Julia Munro: I've thrown out a number of things, so I'll stop.

Hon. Ted McMeekin: Thank you very much, Ms. Munro, for your wonderful introductory remarks. You've raised a broad scope of issues, and I would expect nothing less from you, knowing how seriously you take your responsibilities. You raised a number of issues, and let me respond to those as best I can.

I have reason to believe that one of the reasons the Premier thought I might make an interesting contribution in consumer services is my background as an educator. I want to suggest that in virtually everything we do, in every meeting we have and every action we take, one of the questions I ask all of the staff people who are engaged in that process of working to protect the good citizens of Ontario is around the educational component: How can we help? How can we get the message out better? I agree with you entirely, Ms. Munro, on the importance of education, not just what we do but also what we can't do, and if there's some reason why we should be doing some of the things that we can't do, we need to look at that as well. That's very important.

You mentioned TSSA specifically. We felt it was important, given the tragedy that occurred, to get an independent assessment of what was happening and how we could best move. I'm personally very confident that given the steps that we took when the panel came back and said, "Look, it's an excellent system, but here are some enhancements that we can make"—that by moving on those recommendations, we are in fact serving the good people of Ontario well.

Let me talk to you a bit about tobacco. As a former president of the Hamilton-Wentworth Lung Association, I was very engaged, when I first came here, in trying to convince the then government and, when we came to government, the Premier and the government here of the importance of ending the patchwork quilt of smoking-in-public-places legislation, that it was indeed a public health issue and we needed to move on that. Some of the issues that you raise, you rightly noted, fall outside of the direct purview. The Ministry of Revenue is involved. There's even a federal component with respect to First Nations issues, but notwithstanding that, I think we need to be engaged. In that context, we do have occasional communication with our federal counterparts with respect to what we might be doing together to enhance a

difficult issue. I certainly think you flagged something important and something that I'm prepared to ruminate on a bit and see where we go.

On cemeteries, specifically, I could read a scripted answer here but that wouldn't be as helpful as if I turned it over to John Mitsopoulos, who works daily on this area, for a brief comment.

Mr. John Mitsopoulos: Thank you, Minister. I just want to highlight that the current Cemeteries Act and the proposed Funeral, Burial and Cremation Services Act, if it does come into force—both statutes currently protect inactive cemeteries and both statutes provide for an exhaustive and extensive public consultation process. If the cemetery is to be closed, it does provide for public notification, and the registrar works very closely with the cemeteries to contact next of kin when it's appropriate to remove and transfer the body. So those protections are currently in place with the existing Cemeteries Act, and those provisions are carried forward in the proposed Funeral, Burial and Cremation Services Act of 2002.

Hon. Ted McMeekin: Ms. Munro, is that helpful?

Mrs. Julia Munro: Yes, I think it is. Obviously, we'll have to see what happens with the consultations and the ultimate disposition of it.

Hon. Ted McMeekin: Agreed. Just on another issue that you did raise—I think Ms. Munro has a few more minutes still. I want to talk a little bit about—you used the term “outcomes.” Let me just say this: In my many years of public service, if I've learned nothing else, it's that we really do need to be clear about what it is we're trying to accomplish and careful how we articulate it and even more specific about how we measure it. We have, with our administrative authorities, a tradition of developing memorandums of understanding with respect to how they do their work.

1640

I have been, as minister, obviously with the guidance of those of the OPS—which I note, two years running, has been voted one of the nation's top 100 employers, which I think is something we can all be proud of, and also diversity employer of the year two years in a row, which is something equally important. As you work with the staff in my ministry and other ministries and staff in the OPS, we're making it very clear that outcome measurement is important. We're trying to wrap that, Ms. Munro, as best we can directly into the memorandums of understanding. In fact we're insisting—as minister I'm insisting, very pointedly insisting—that the delegated administrative authorities spell that out. In fact I have said to them that we'll go through a three-phase process. By the time we have our next quarterly meeting, I want to see all their output indicators in place, and by the time we hit our next quarterly meeting after that, I want to see the implementation plan being put into practice.

So you, Ms. Munro, are bang on. Thank you for that. I take that as an affirmation. Rest assured that we will continue to work as vigorously as we can at enhancing that aspect of our work, coupling that with the educational component, which you also very appropriately

footnoted with us. I don't want to sound anti-partisan, but I do want to compliment you. I think your understanding of the issues we're facing is obviously extraordinary, and also extraordinarily helpful in terms of where we want to go. So thank you very much for that.

Mrs. Julia Munro: Thank you.

The Chair (Mr. Garfield Dunlop): You have about 12 minutes left.

Mrs. Julia Munro: Oh, good.

I mentioned that I wanted to talk about the TSSA, and particularly about the fact that the whole concept of regulated authorities is that there would be an opportunity for those who are engaged in the business of this: Whichever one it is would then have a voice in that whole process.

In the lead-up to Bill 187, I believe that the CFIB had some very specific suggestions to make. I want to just identify a couple of the problems that they saw which, when I look at Bill 187, I'm not quite sure have been responded to. The first one is the question of what is referred to as over and above activity. This, then, is what has happened—what they refer to as the growth of the mandate and the kind of pressure it puts on the people who are being administered to by the TSSA, in this particular case.

It seems to me that this expansion of the mandate has led to some issues that particularly some of the smaller businesses in these groups obviously have a great deal of difficulty with, because along with that goes the increase in the fee. Since this is an over and above kind of mandate, they don't see this as being really productive and fair for the smaller businesses that they represent.

I wondered if you would comment on the too broad a mandate, the creeping problem, and obviously its attendant fee cost.

Hon. Ted McMeekin: I'd be delighted to do that. Again I want to begin by affirming your general direction here. I don't think there's any mystery to the broad-based mandate of TSSA.

In the context of their being viewed, particularly by other provinces, as being the *crème de la crème* of the administrative model, we are frequently asked by other provinces, and indeed other countries, to lend our expertise around and related to public safety. Where we can respond to that, we always try to be as helpful as we can. It's widely acknowledged that Ontario has, as the independent review said, the best system in the world for public safety, “but here are 40 ways you can enhance it.”

That having been said, I can share with you that the MOU—and the TSSA was one of a couple of designated administrative authorities we had one-off meetings with to make sure we understood each other clearly on some of the issues—is being developed very much with that awareness in mind.

That having been said, I'm pleased to report that I had a meeting here the other day with a couple of representatives from the CFIB. I used to be a member of the CFIB when I ran my independent bookstore in Waterdown, the original Chapters, but that's for another

day. If you ever want to, we can talk about that sometime, Mr. Chairman, as well.

The Chair (Mr. Garfield Dunlop): Yes, sure.

Hon. Ted McMeekin: It's a good story.

Mr. Khalil Ramal: Chapters?

Hon. Ted McMeekin: Chapters, yes. Anyway, I used to be a member there. They're a valuable group who offer good advice. We met for about 15 minutes the other day, and they had a couple of their government relations people here at the Park. I asked them very specifically what they thought of the actions we were taking, and planning to take, with respect to the TSSA, and more generally for any comments they had about the designated administrative model and how that's working.

They indicated to me that they were just over the top, feeling very positive about the DAA model specifically, and that they very much appreciated and liked where we were heading with the TSSA in the plans. In fact, one of the gentlemen suggested to me that we were moving so much in the direction that they wanted to see us move that they would be pleased to partner with our government in helping to share the direction that we're taking with their membership. I was pleased to hear that. So I'm glad you referenced it.

I'm pleased to say that it appears we seem to be, with our MOU and with the direction we're taking and with the CFIB in particular, in harmony. Let's hope it stays that way. I appreciate your raising that, and I appreciated the opportunity to meet with them, albeit briefly—you know how busy we can get—a couple of days ago on that.

The Chair (Mr. Garfield Dunlop): You have about five minutes.

Mrs. Julia Munro: Okay. I hope, then, that problems such as the one that I was made aware of are now dealt with.

The example of the failure of government oversight, pointed out by the CFIB, concerns "the new refrigeration regulatory regime introduced in 2006." I'm hoping that by the conversation you had, those kinds of things aren't going to happen again, where there was absolutely no regulation that was being put forward without any kind of assessment.

I want to—

Hon. Ted McMeekin: Mr. Chairman, let me just jump in to say quickly that I confess we did not get into the details of refrigeration regulations in our brief conversation, but we will note it here to make sure that we do.

Mrs. Julia Munro: Well, it's a 2006 regulation that demonstrates that there was nothing there in terms of validity to do this.

Hon. Ted McMeekin: All I can say, without any fear of contradiction, is that the CFIB had previously articulated a number of concerns. I know this from a previous ministry involvement. They did indicate to me that they were very pleased with the direction we were moving in. We'll make sure we get on top of that darned refrigeration stuff.

1650

Mrs. Julia Munro: All right. I have a couple of questions on Bill 187 specifically that I wanted to ask you. One of the points in the bill grants authority for the Auditor General to assess all TSSA records and choose to conduct a value-for-money audit at his discretion. When I spoke in the House on this bill, I raised this then simply because it struck me that it was rather unusual when the money would be private money. I understand the Auditor General stepping into agencies, boards etc. where it's public money, but I wondered if this was setting a precedent or if there was a precedent before this.

Hon. Ted McMeekin: That's a good question. I wish I had a good answer. Let me try to answer it as best I can. I think it's indicative of how seriously we took the issues around the TSSA that we were prepared, in conversation with a lot of the stakeholders that you mentioned and others, to accede to what seemed to be a good thought that, on a voluntary basis, we would allow the auditor access to that if and when the auditor felt that was appropriate. That's just in addition to all the other protections that we have in place, something that we felt—with the TSSA in particular, we've identified that. We're not trying to set any precedent here, but we did feel that that was useful. I know that had been suggested specifically around the TSSA in the past by some members of our own government as well as members of the opposition, so we're comfortable opening that door.

Mrs. Julia Munro: Okay, but then it sounds like it would actually be setting a precedent when it's private money.

Hon. Ted McMeekin: We don't see it as a precedent, but we are prepared, with the TSSA, given the complexity of it and some of the difficulties, to do this.

Mrs. Julia Munro: My other question, again, goes back to the proposed ideas in Bill 187. When you're talking about the creation of a chief safety and risk officer position, obviously risk assessment is a whole body of expertise. What is the intent of this bill? Where would that expertise be housed? Is it in the government or is it in the TSSA?

The Chair (Mr. Garfield Dunlop): You'll have to have a one-minute answer on this.

Hon. Ted McMeekin: It's intended to be housed with the TSSA, but it's also seen and intended to be, as much as we can make it, independent and risk based. We want to have somebody there who serves almost as a bit of an ombudsman, who can reflect and ruminate on some of the concerns and can offer some independent advice to the Technical Standards and Safety Authority. We just think, when it comes to public safety, that that ought to be something that we move on, so we have moved in that direction. We think pointing the Ombudsman at Tarion was a similar move which helped to assist in getting better consumer protection. We think this will work with the TSSA as well.

The Chair (Mr. Garfield Dunlop): Okay, thank you very much. We'll now go, for the next five minutes, to Ms. DiNovo.

Ms. Cheri DiNovo: Thank you, Mr. Chair. I understand we only have five minutes; we have to get up to vote. I'll just generally outline the kinds of issues that I'm going to be raising. I want to say from the outset that as far as the New Democratic Party is concerned and as far as I'm concerned, really the thrust of this is to help you do your jobs better.

Hon. Ted McMeekin: Thank you.

Ms. Cheri DiNovo: I also understand that some of the questions I'm going to ask, in a sense, leak into other ministries and also that ultimately things are decided at the cabinet, the corner office as we often say, the Premier's office frequently, and not by you. All that notwithstanding, these are the areas that we have concerns about.

First of all, where consumer affairs are concerned, we have lots of concerns. We have concerns about the protection of franchisees, for example. We have concerns about those who still have to resort to payday lending companies. We, of course, dealt with the bill, and I'm interested in seeing now on the ground what's happening with payday lenders. There was an assurance that we would at least have the kind of legislation Manitoba has, if not my own bill, which mirrored the kind of legislation that Quebec has. I'm concerned that this may not have happened.

I'm concerned also about the land titles assurance fund, and again whether changes have been implemented there. I'm concerned about Tarion; we receive a lot of complaints about Tarion. I'm sure Karen Somerville is a name familiar to your ministry, and I want to ask about that and, of course, Sunrise and the whole nightmare of that. I'd like to go through the recommendations and see which ones have been implemented, which ones are still in progress and which ones, perhaps, have not been implemented.

Also, on the other side of your file, small business: Small business, being responsible for about 90% of jobs in Ontario, is a critical part of our economy. As the critic for Small Business, I want to spend at least half my time on that file.

Hon. Ted McMeekin: Just to be clear, Mr. Chairman, with respect, Cheri, that's no longer part of our mandate, small business.

Ms. Cheri DiNovo: Oh, okay, because it's on the Standing Committee on Estimates, small business and—

Hon. Ted McMeekin: The Minister of Small Business, I think, will be before the committee on the 17th.

Ms. Cheri DiNovo: On the 17th? Okay, so I'll leave off that. There is a number of issues there. But, certainly, where consumer services are concerned, there's enough to keep me going for quite a while.

Overall, I'm interested in the workload: how many investigators you have versus how many complaints you get, what that looks like and how that, perhaps, works. In terms of proportionality there, are they getting to all the concerns that come forward?

There are other issues too, of course, from a consumer's point of view. We've heard about so-called energy auditors, people who sell services door-to-door. Contractors: I heard you mention a few cases that concerned contractors and individual homeowners. Again, just from our constituency work we have scores of complaints about that still, and I'm wondering about that kind of Wild West of unregulated services that are sold to homeowners and often to seniors who don't know what they're signing, the calendar notwithstanding on that issue.

I'm also concerned, in particular, about franchisees. We had a very hard time getting any statistics on franchisees and their dealings with franchisors and whether they were being protected, but suffice it to say, an unsubstantiated number. So I'm looking to you for direction on this. Just from doing research on the Web, we got that there are about 5,000 lawsuits in any given year by franchisees against franchisors. Again, that seems kind of like a Wild West of buyer beware. I'm wondering how your ministry really responds to that.

There's a fair bit here, and maybe, Mr. Chair, what we'll do is get back to it when we come back.

The Chair (Mr. Garfield Dunlop): Thank you very much. You'll have about fifteen and a half minutes when you get back—25 minutes, sorry. So we'll recess to go up and vote, and we'll be back here in just a few minutes, okay?

The committee recessed from 1657 to 1705.

The Chair (Mr. Garfield Dunlop): Okay, we can reconvene the meeting now; we have a quorum. Ms. DiNovo, you can continue on with your questioning to the minister.

Ms. Cheri DiNovo: Thank you, Mr. Chair. Welcome back, everybody. Let's start with one of the questions I just threw out there, which is how many complaints the Ministry of Consumer Affairs received from consumers and how many investigators investigate those complaints. What I'm looking for here, obviously, is a complaint-to-investigator ratio.

Hon. Ted McMeekin: Okay. I did cover part of the overview numbers in my opening statement and to be honest I don't recall the specific numbers; I could reference that back. Why don't I just ask Chris Ferguson to—is Chris still here?

Interjection: He stepped out for a moment.

Hon. Ted McMeekin: Okay. Why don't we go to another portion and when he comes back—

Ms. Cheri DiNovo: Sure; absolutely. Not a problem.

Hon. Ted McMeekin: He heads up our consumer protection division so he would have those right at his fingertips.

Ms. Cheri DiNovo: Wonderful. Thank you very much, Mr. Minister.

The other question that I threw out there before we broke was—and I'll just go over this—when the government introduced amendments to the Consumer Protection Act in 2006, the minister at that time was explicit that he was putting off action on at least four key issues on the

land titles assurance fund. They were: strengthening the land titles assurance fund so it's more responsive and more transparent to victims of fraud; more effectively questioning who should be able to register documents in the land registration system; what requirements they need to meet regulation authority; establishing a notification system that notifies property owners when certain dealings are registered against their property; and changes on how powers of attorney are used in real estate transactions. We all remember—they've kind of fallen from the radar lately in terms of the House, but certainly not in terms of the lives that this has affected. So I'm just wondering what action has been taken on those issues.

Hon. Ted McMeekin: Okay, can I—

Ms. Cheri DiNovo: Absolutely.

Hon. Ted McMeekin: The land titles assurance fund and issues related to that fall under ServiceOntario specifically, rather than our ministry, and the Ministry of Government Services. I have a little bit of knowledge of it, having served as the Minister of Government Services, but I would hate to answer the question for that minister. I will, Ms. DiNovo, undertake to ensure that our staff track the Hansard of the issues that you've raised and ask my Minister of Government Services colleague to respond to you directly with that.

Ms. Cheri DiNovo: Okay, thank you for that.

Hon. Ted McMeekin: Can you make note of that, John?

Ms. Cheri DiNovo: Thank you. Over the years, as I suggested at the outset, there have been a number of complaints against Tarion Corp. These roughly fall under the area that this is kind of an industry insider regulating the industry organization that is slanted in favour of developers rather than in terms of homebuyers and owners. I think every member of this House gets at least one e-mail a week from Karen Somerville, if they check their own e-mails. We are all familiar with the organization and their complaints, and they are substantive. I know that all of us in our constituency offices, particularly downtown Toronto constituency offices, where we're dealing with condo buyers or owners, are dealing with complaints about the construction etc. So I was just wondering if you've taken any steps to respond to those concerns. And again, I recognize that this bleeds a little into Ministry of Housing.

Hon. Ted McMeekin: Ms. DiNovo, thank you for that. I can say, by way of getting into this, that I have a little bit of history with Tarion, having put some concerns to them in a previous incarnation and insisting very strongly that they respond to some of the issues that you and I both raised. That led to open, public, general meetings and a number of other new—for them—activities, and some review, obviously, through Elaine Todres and her group.

1710

I have spent a fair bit of time with the study person and asked her very pointedly what was helpful and what wasn't. One of the things she found very helpful was her meeting with Ms. Somerville, and that guided, I'm told

by her, several of the recommendations that she made. I don't want to dwell on any individual—that wouldn't be fair. We don't directly intervene, as a ministry, with Tarion—I say "direct intervention"; we do indirectly communicate all of the concerns that we receive and work with them to encourage them to respond.

In that encourage-to-respond category, I just want to note that one of the things I was particularly concerned about, even before the review—and it was, not surprisingly, articulated in the review itself—was the whole issue of getting information on the public radar, ways to access services and what have you. One of the challenges that we have raised with Tarion, and I'm pleased to say they've been very responsive with respect to it, was the suggestion about better communication with their consumers.

They have developed a brand new computer portal; I think it's called MyHouse or something. MyHome?

Interjection: MyHome.

Hon. Ted McMeekin: I had a look at it just a couple of days ago. It's really quite outstanding. It's a way of tracking the concerns that are articulated by folk who make a major investment in a house. It's inarguably probably the biggest investment most people will make.

They have developed this because, I'm told, when they get—and I think there's some anecdotal evidence. Perhaps in most MPPs' offices, often you get a hand-written fax that you can't discern. You just can't read it. You want to help, but it takes a staff person half a day just to find out what the person is saying. So this portal will allow people to get involved in actually spelling out in writing what their concerns are. It's a better way of tracking it. It's kind of an e-system for housing and one that I think is going to work quite well, because I have seen it. It's going to allow us and Tarion to track concerns more easily, which is important because the last thing in the world you want to see happen is to have a legitimate, bona fide concern get lost in the kaffuffle of paperwork.

Ms. Cheri DiNovo: And that's the concern of consumers: It's not tracking their concerns, but responding to their concerns with action.

Hon. Ted McMeekin: Let me speak to that because we, in many cases now—we see the survey results that come back when Tarion goes out and asks the customers that they're serving how they found the service. A very, very high percentage, an exceptionally high percentage, say that the service is good and/or excellent. In fact, we occasionally get letters from consumers who talk about how pleased they are that the minute they let something be known to Tarion or it gets on the portal, the builder shows up virtually the same day. The suggestion has been made that one of the reasons that that is happening more frequently now is that there's an enhanced clarity to what's going on, and I think that's really good.

So the ability to track, to monitor, to measure outcomes, to enhance the positive feelings of respondents, and to actually do the job that needs to be done is very much a concern of ours and will be reflected in the new memorandum of understanding that we negotiate.

By the way, the deputy and I spent some personal time, about two hours, just last week with the chair and the chief executive officer talking to them about—I want to be careful what I say here—our expectations and how that will be reflected in the new MOU. They were, to their credit, open to most of what we had to say. So I think we're making some good progress there. It's not perfect, but I think we're—

Ms. Cheri DiNovo: Right. Really, to us in the New Democratic Party, the backdrop to the problem here, however, is that this is an industry regulating itself, in a sense, so the critical role—and this is what we're hearing from the consumers who have to deal with Tarrion—of government is one of making sure they do that. You've addressed that. I may come back to that later if I've got some more time.

I want to go into payday lending. We've all spent a lot of time looking at this issue. I can say at the outset, I'm not happy with the results in terms of consumers of payday lending institutions. I looked at United Way—and this has been quoted oft—there was a tenfold increase, for example, between 1995 and 2007 in payday lending operations in and around the city of Toronto, certainly. Again, we know that the people who are lined up outside those doors are the people who are having difficulty getting cheaper credit from other places. I call them usurious; I would still stand by that.

We attempted, and I know you attempted, Mr. Minister, to look at that issue and to strike an expert panel. We were somewhat upset that some of the experts we felt should be on that panel were not for whatever reasons. However, at the end of the day, are we dealing with a changed picture of payday lending institutions?

To begin with, what I'd like to ask is, what is the average interest rate now charged by payday lenders in Ontario?

Hon. Ted McMeekin: It's 730% annually.

Ms. Cheri DiNovo: So you know what I'm going to say next. Clearly, what we were hoping would come out of a change in legislation and a focus from the government, from consumer affairs—and again, to be non-partisan, I don't think that the Manitoba response is ideal either. In fact, I think the Liberal response in Quebec is better than the NDP response in Manitoba. So it's not about partisanship; it's about the consumers themselves at the end of the day. Surely we can do better than that, can we not?

Hon. Ted McMeekin: Let me respond at several levels.

Let me begin by just saying that I really do, as you know, appreciate your efforts on this file, and we've had some at least passing conversations on it.

Again, I don't want to sound partisan, but I wish the feds had taken this on nationally and we'd have one standard right across the country. We urged them to do that, as you know, and they, in their wisdom or their folly, decided not to, as sometimes happens with federal governments of various persuasions. I'm not aiming this anywhere. They decided not to do that. So we were left

with a situation where we didn't want to let excellence become the enemy of the good. We wanted to move forward as best we could, and we did that by bringing forward legislation.

1720

You mentioned that Manitoba is not perfect, but I think our legislation is seen by most people, notwithstanding whatever shortcomings may be there, as being the best in the country for a few reasons. Let me just go to my notes here because I want to—

Ms. Cheri DiNovo: Could I just interject there, while you're going to your notes, with a little bit of shock at that statement. Quebec has basically done away with the lenders with a 35% interest rate, which I think most Ontarians would find still a little usurious in this day and age—35%. It's certainly not as bad as 730%, but I would want to say for the record that the Quebec legislation is the model for all of Canada.

Now I know, and we've gone into this before, it's not stopping people from going to pawn shops, it's not stopping people from getting loans over the net, but it's certainly cutting down on the number of payday lending institutions—it's virtually eradicated them—and is cutting down on the amount of payday lending, whether by net, pawn shop or whatever.

Hon. Ted McMeekin: We just have to agree to move forward as best we can. The reality is that we made the decision that we didn't want to drive the industry underground, where it would be subject to a greater preponderance of unsavoury activity than if we in fact regulated the industry. So we attempted to regulate the industry.

I should just say that the annual percentage rates don't fairly express the cost of short-term loans. The best way to understand—as I understand, it's \$21 per \$100. We have moved to ban rollover loans, which were a significant issue; we've prohibited other practices for current loans; we've eliminated the acceptance of wage assignments by payday lenders, which is significant; we've provided an additional cooling off period so people can reflect on what they're doing; we're requiring absolute disclosure—and there's even a delivery-of-money requirement in terms of time; we're requiring all payday lenders and loan brokers to be licensed; and most importantly, something that is to this point in time unique, but we understand other provinces are racing to replicate it, is the move to have a strong consumer education component as part of the legislation as well.

Ms. DiNovo, I think you may know that the legislation sets out the ability of the Minister of Consumer Services—I guess that's me—to actually set up and ensure that a foundation is in place to handle that educational component or to designate the educational component so people actually know what they're doing and to monitor that—they get an annual report on that—and to look at enhancing that, all of which, by the way, will be paid for by the payday lenders, both through their licence fees and an additional fee that will be required—

Ms. Cheri DiNovo: I would warrant at 730% interest they can afford to.

Again, I'm extremely concerned about this and I just want to put that forward. Even as stated, I don't think it is as strong as the Manitoba legislation, which is not, as I said, very strong either.

Hon. Ted McMeekin: We certainly believe that the maximum cost of \$21 per \$100 lent balances in a significant way the rights of borrowers, some of which we acknowledge are vulnerable—although the statistics show that there are a lot of people with regular jobs and regular paycheques who, interestingly enough, use the system. The rate that we have per \$100, I'm told, is actually the lowest in Canada.

Mr. Fareed Amin: Second-lowest.

Hon. Ted McMeekin: Second-lowest in Canada, sorry. What's the lowest?

Interjection: Manitoba.

Ms. Cheri DiNovo: Well, you're obviously not counting Quebec again. So it would be second-lowest to Manitoba, then, I would assume?

Hon. Ted McMeekin: Yes. We feel that the requirement of ensuring the competitiveness of the payday loan industry and putting some of the protections in place, while not perfect, are a great enhancement on where we were. The initial feedback we're getting from people who actually use the service is quite positive.

Ms. Cheri DiNovo: This leads me to the next question. I've got figures from 2006-07 from the United Way, which found 317 payday-lending, cheque-cashing outlets in Toronto, for example. But my question to you is, are there more payday lenders now since this legislation has been brought forward with the new regulations, are they static or are there less? Again, if you don't have those figures, I'm fine with you getting back to me with those figures.

Hon. Ted McMeekin: I'll get back to you on that. I can say that the United Way of Toronto, Frances Lankin over there, said to us when we were going through this that they wanted to see us regulate this in a way that enabled the payday lenders to stay in business, but to be regulated. And they specifically asked us, begged us, not to go the Quebec route.

Ms. Cheri DiNovo: Well, okay.

Hon. Ted McMeekin: But, you know, rightly or wrongly, that was the feedback we got from them. You know, we like to take the best advice we can get, be it from the United Way, from Cheri DiNovo or anybody else. We have tried to come in with a balanced approach that we think is reflective of much of the input we had. We had a panel in place to make some recommendations to us, independent of government. I'm pleased to say, I think there are some—correct me, John, if I'm wrong—700 payday lenders previously unlicensed that are now licensed. That brings a degree of operational control that was not previously in place.

Ms. Cheri DiNovo: Unfortunately—

The Chair (Mr. Garfield Dunlop): You have about four minutes.

Ms. Cheri DiNovo: Okay.

Unfortunately sometimes, often—having been a small business owner myself and being in touch with that community, a licence is simply something you hang on the wall, if, again, there's not some stringent enforcement that go along with that. Anyway, my—

Hon. Ted McMeekin: I agree with you on that, by the way. There's no sense having rules unless you're prepared to vigorously enforce them.

Ms. Cheri DiNovo: Exactly. So again, just to register my—dismay is not too strong a word—dismay at 730% interest being allowed in the province of Ontario.

I want to move on, though, to the Sunrise Propane explosion and fire. As you know and as you mentioned in response to Ms. Munro's questions, and I think in your preamble, a review panel came up with 40 recommendations. I just want to go through them and you just need to say "yea" or "nay" in terms of whether they've been implemented. I won't get through them all in the four minutes but I'll submit what I don't get through to the clerk and then I'd appreciate a response later, maybe.

"1. ... TSSA should continue to build on its existing risk-based enforcement model by introducing a more rigorous, statistical approach for propane safety."

Would you say you've acted on that?

Hon. Ted McMeekin: Yes.

Ms. Cheri DiNovo: You have? Okay.

"2. TSSA should inspect facilities annually until it has gathered the required data, and has developed and is applying a comprehensive risk-based approach to regulation."

Hon. Ted McMeekin: Yes.

Ms. Cheri DiNovo: You've required that of them?

Hon. Ted McMeekin: Yes, we have.

Ms. Cheri DiNovo: "3. For the purposes of licensing a facility, the total capacity should include both fixed and transient storage, with the second element defined as the combined capacity of the maximum number of stored cylinders and tanks, and of tanker trucks and/or rail tank cars that might stay at the facility at any given time for longer than it takes them to complete a transfer."

Hon. Ted McMeekin: Yes. That's a very important one.

Ms. Cheri DiNovo: Right.

"4. A limit should be set on maximum transient storage at a facility."

Hon. Ted McMeekin: Yes.

Ms. Cheri DiNovo: You have done that?

Hon. Ted McMeekin: We have.

Ms. Cheri DiNovo: "5. The facility operator should be required to designate the parking spaces for transient tanker truck storage at a facility."

Hon. Ted McMeekin: This will be required, yes.

Ms. Cheri DiNovo: This will be required; okay. So these have all been implemented?

Hon. Ted McMeekin: Or are in the process of being—

Ms. Cheri DiNovo: Or are in the process of being implemented.

"6. Every facility at which transfer of propane takes place should have a risk and safety management plan as a condition of licensing."

Hon. Ted McMeekin: Yes. That's very important too, by the way.

Ms. Cheri DiNovo: It is critical.

"7. Certification by a professional engineer should be required for all risk and safety management plans for facilities of more than 30,000 USWG in total capacity."

Hon. Ted McMeekin: Absolutely.

Ms. Cheri DiNovo: Correct?

Hon. Ted McMeekin: Yes.

1730

Ms. Cheri DiNovo: So again, implemented?

Hon. Ted McMeekin: Yes.

Ms. Cheri DiNovo: "8. When reviewing an operator's risk and safety management plan, TSSA should verify that it includes all relevant requirements."

Hon. Ted McMeekin: Yes.

Ms. Cheri DiNovo: I'll just do one more, and then I'll give it to the clerk.

"9. TSSA should continue to invest in the technology needed to improve the quality and value of data on the location of propane facilities and those handling other volatile fuels, with a specific goal of allowing these facilities and related defined hazard distances to be mapped using geographical information system (GIS) technology."

Hon. Ted McMeekin: We've spoken to TSSA about that, and they've given us an ongoing commitment to continue to work on that.

Ms. Cheri DiNovo: To doing that.

Hon. Ted McMeekin: Yes.

Ms. Cheri DiNovo: Okay.

The Chair (Mr. Garfield Dunlop): If you can give the rest of those to the clerk—

Ms. Cheri DiNovo: I will.

The Chair (Mr. Garfield Dunlop): That concludes the 30 minutes from the third party. We now have up to 30 minutes for the minister to make any responses. If you wish, you can give up your time and go to the official opposition or you can make a response.

Hon. Ted McMeekin: Thank you. Given the importance of public safety, I want to continue along Ms. DiNovo's track and actually go through the rest of the recommendations, if that's okay with the Chair.

The Chair (Mr. Garfield Dunlop): Yes. We will be having one stop again. We have to recess again for this vote. I'll let you know about 10 minutes from now.

Hon. Ted McMeekin: And my trusty companion Mr. Mitsopoulos here will tell me when.

There are a couple of recommendations that have cross-jurisdictional components. By the way, I have, of course, written to the federal minister responsible and Transport Canada with respect to those. We'll note that when appropriate.

"11. TSSA should make publicly available sections of the risk and safety management plan dealing with

emergency response for facilities of more than 30,000 USWG in total capacity."

Yes, that has happened.

Ms. Cheri DiNovo: Number 10, sorry, Mr. Minister.

Hon. Ted McMeekin: Number 10 has happened.

Ms. Cheri DiNovo: Has happened? Okay.

Hon. Ted McMeekin: They're all happening. That's happening.

I drew the line in the wrong place, Cheri. Sorry.

"12. As a condition of licensing, the operator should be required to review the risk and safety management plan on the same cycle as TSSA's inspection cycle. This review should assess whether development within the defined hazard distance has increased the risks relating to the facility and the plan should be upgraded as required."

This will happen; we have a commitment.

Ms. Cheri DiNovo: That's a commitment?

Hon. Ted McMeekin: Yes.

"13. When a licence is first issued for a facility, the licence approval should state specifically that if development around the facility changes so as to increase risk, it is the responsibility of the operator to reassess and, if necessary, upgrade special mitigation measures."

That's happening.

"14. The province should amend planning rules to require municipalities and local appeal bodies to notify facility operators of applications for official plan amendments, plans of subdivision, rezoning and minor variances where the facility's defined hazard distance extends into an area under consideration for change."

That will happen as well. I will just note, by the way, that there were also changes made by this government in the previous term to the Ontario Municipal Act that also allow municipalities to exceed on public safety issues where they deem it appropriate in the interest of their citizens. So some might argue that they already have that power, but notwithstanding, we intend to ensure it.

"15. An application to TSSA for a new or expanded facility should not be considered complete until the fire service has received and approved all components of the risk and safety management plan that address fire safety, protection and emergency considerations."

Again.

Ms. Cheri DiNovo: Done or being done?

Mr. John Mitsopoulos: It will be done on application and submission of the risk and safety management plans commencing January 1, 2010.

Hon. Ted McMeekin: "16. Before commissioning a new or expanded facility, the proponent should be required to contact the local fire service for a walk-through with the aim of familiarization."

Done.

"17. An application to TSSA for a new facility or an expansion should not be considered complete until the proponent receives and includes the comments of the relevant local planning authority."

Yes, done.

"18. Training requirements should be extended to include at least one officer, director or partner of every propane operator and licence holder."

It will be a condition of granting a licence.

"19. Certificate holders should have to produce proof of their training on demand."

Yes. That's not on demand by anybody but anybody who has the authority to demand it.

"20. Certificate holders should receive site-specific training when starting work and after changing employers or facilities, and should be re-certified after being away from the job for a significant period of time."

That, too, is being implemented.

"21. Every person who works at a facility should be trained in the facility's emergency procedures."

That's a no-brainer; we're moving forward with that.

"22. The training curriculum for certificate holders should cover the consequences of incorrect handling, storage or transport of propane, including the impact of major fires and explosions. It should also cover emergency procedures."

The incident we had is a case in point of the need to do that, so we're moving ahead with that.

"23. TSSA should set a three-year review schedule for training providers and as part of this process the training provider should review the curriculum, update it if necessary and submit it to TSSA."

Again, we're moving on that one.

"24. Trainers should be required to have hands-on, practical experience as well as theoretical knowledge of the subject areas they teach."

Nelson Mandela said: You don't send underdeveloped people to underdeveloped countries; right? So that, of course, is what we want to do.

"25. The Office of the Fire Marshal should enhance its training for fire department personnel in the areas of prevention, mitigation and suppression of propane explosions and fires."

Yes, we're acting on that.

"26. Propane facility inspectors should be trained in all aspects of propane safety, including how to recognize and respond to imminent hazards."

Yes, ma'am, we're doing that.

"28. As part of the code adoption process or if considering changes to other regulatory instruments, TSSA should consult with the Office of the Fire Marshal and Ontario municipalities."

Mr. John Mitsopoulos: Yes.

Hon. Ted McMeekin: That is happening, yes. Even my own people are trying to hurry me along.

Recommendation 33—

Ms. Cheri DiNovo: We're at 29; that was 28.

Hon. Ted McMeekin: Oh, 29, yes. Let me go to the ones we're implementing.

"33. Operators should be required to keep records to demonstrate ongoing maintenance and operational testing of fire safety equipment and systems."

Yes.

My very favourite one: "34. Fire services should have clear authority to enter licensed propane facilities for familiarization purposes and/or to verify proper maintenance of fire protection equipment."

Yes.

"35. In light of these recommendations, TSSA should review its current code adoption document, directors' orders and branch standards, with a view to updating these as necessary."

Yes.

"36. The ministry should consider approaches similar to those recommended here for propane for all liquid and gaseous fuels in use in the province to ensure that they also are covered by a best-practices regulatory framework."

Again, we're acting on that.

"39. The minister should ask Transport Canada to examine the potential benefits to public safety of thermal protection requirements for highway tank trucks similar to those for railway tank cars and regulations for safe parking of tank trucks, including such factors as setback and security."

We're in conversation with the feds, and I have written to the federal government minister responsible with respect to that, and to Transport Canada.

1740

"40. The minister should ask the Canadian Standards Association to review and update the relevant sections of the propane installation code"—members will know that's B149.2 and B149.5—"with a focus on setback distances, categories of installation, emergency response plans, maintenance, and special fire protection and to ensure the code aligns with international best practices." We are moving on that.

Ms. Cheri DiNovo: Thank you.

Hon. Ted McMeekin: Propane safety recommendations in progress, but require further discussion with other ministries, authorities, levels of government, would include recommendation 27.

"27. TSSA, Office of the Fire Marshal, industry and others with an interest in the industry's safety should work together on a public safety and awareness program."

Ms. Cheri DiNovo: And 33—

The Chair (Mr. Garfield Dunlop): I think with that we'll recess for a couple of minutes while we go vote. We'll be back here right after the vote for about 10 more minutes to take us through to 6, okay? Thanks very much.

The committee recessed from 1740 to 1747.

The Chair (Mr. Garfield Dunlop): Minister, we'll let you continue on then, okay? We apologize too for this inconvenience.

Hon. Ted McMeekin: This is the kind of book you can't pick up once you put it down, right? But we'll continue on here. I think we stopped at—

Ms. Cheri DiNovo: We were going to go back to, say, 33 through 36, if you wouldn't mind, Mr. Minister.

Hon. Ted McMeekin: Yes, we did those. Those are all go. Numbers 39 and 40 are go. We covered that. They're all good. Then I had said that there were three that required our working with other authorities. They were 27, which we covered off—

"29. There should be formal agreements in place so that such authorities as the Province's Office of the Fire Marshal, Office of the Chief Coroner for Ontario, Ministry of Labour, and TSSA share information, findings and any recommendations with all parties with an interest in propane safety."

We of course are—

Ms. Cheri DiNovo: Oh, I was misreading. Sorry to interrupt, but yes, 29 through 32, rather.

Hon. Ted McMeekin: Yes. So 29, we're moving ahead with that. Obviously that involves discussions with other players, all of which, by the way, have a real interest in this. So we don't anticipate any difficulty there.

"30. TSSA and provincial, municipal and other investigative authorities should create a cross-jurisdictional incident database, aggregating information on causes of incidents, lessons learned, and recommended preventive steps."

Again, John, my understanding is that we're working on that as well, but it's going to take some time to get that in place. I think there's generally a sense that we need to do that. We need to be moving that forward.

There are two recommendations that are being addressed specifically in Bill 187, which is currently before the Legislative Assembly.

"31. Propane operators should be required to carry insurance as a condition of licensing." I don't think there's any serious belief that that shouldn't happen.

"32. Where there is an imminent hazard to safety, and the facility operator will not or cannot act to correct it, TSSA inspectors should have the full and clear authority to ensure that the installation is made safe and to charge back the costs to the operator." That's part of the legislation, again pretty straightforward.

Recommendation 37—

Mr. John Mitsopoulos: Those are future.

Hon. Ted McMeekin: Those are future?

Mr. John Mitsopoulos: Yes.

Hon. Ted McMeekin: Okay. Should I reference them here?

Mr. John Mitsopoulos: Yes.

Hon. Ted McMeekin: "The ministry should review the progress of adoption and implementation of these recommendations within 18 months and report" back "to the public, including the members of the propane safety review."

I assure you I will do that or cause that to be done. Note that I made a commitment to do that.

"38. Once recommendations have been implemented, the Ministry and TSSA should review their impacts on a periodic basis with a view to making any further changes, if necessary, to improve propane safety and should inform the public, including the members of the propane

safety review" committee. That certainly will be happening as well.

1750

That concludes, I think, the recommendations there. Do I have a few more minutes?

The Chair (Mr. Garfield Dunlop): Yes, you do. You actually have about 17 minutes all together—16 minutes in the response.

Hon. Ted McMeekin: I wouldn't want to waste any time, so I'll keep going, then.

The Chair (Mr. Garfield Dunlop): Yes. You've got that whole binder to work with.

Hon. Ted McMeekin: I could reference that, but I don't think I need to necessarily go there.

I want to do a little bit of storytelling, if I can. I sent, on behalf of our ministry, a letter around to all the MPPs in the last week or so which began with the line, "I'm Minister of Government Services. I'm here to help," which got a few chuckles. It points to the cynicism that even we feel from time to time, let alone the citizens out there perhaps. But it was really a sincere effort on our part, and my part in particular, to declare how I want to see this ministry work, to affirm the good things that have happened and are continuing to happen every day in the ministry, and to invite all members of the people's place, those who have the privilege of serving the good people of Ontario in these two important areas which we have broad responsibility for, namely consumer protection and specifically public safety, to become engaged with us.

Life is too short for, in my opinion—we're in an age and a time when we need to—I sound like I'm giving a sermon here and I apologize for that in advance—take whatever we feel is truth and whatever others may feel is their truth and somehow find a middle way. By "middle way" I don't mean "compromise your principles." What I intend to suggest by talking about a middle way is finding a way to do things differently. I believe that leadership is about doing the right thing. Management is about doing things right. Nobody has a monopoly on being best managers in every area all the time, but I think we all need to bring to this place an understanding—my deputy minister is always reminding me of this, to his everlasting credit—that when something goes wrong from a management perspective, a good leader will act to make things right, to do the right things.

The best political advice I ever got—and I've shared this story a couple of times. People may or may not recall it. The late, great Sterling Hunt, a beef farmer—and he did some other kind of farming up in Linden in my riding: When I decided I wanted to run for mayor in the town of Flamborough, I went to see Sterling and his lovely wife. We had tea for two hours and we talked about the community and all the issues there. He walked me out to the car and he said, "Ted, can we cut all through that stuff? Can I give it to you straight?" I said, "Yes." He said, "The best political advice I can give you is to tell them what's broken and how you're going to fix it." I've never forgotten that. In fact, whenever I'm

perplexed about anything, be it constituency work or ministry work—and let me focus on the ministry—I say to the staff that gather—political staff, OPS staff: “Tell me what’s broken and how we’re going to fix it.”

Mr. Khalil Ramal: Real simple.

Hon. Ted McMeekin: Real simple. When all is said and done around this place, if we take our responsibilities—I want to suggest again, respectfully—I don’t pretend to have a monopoly on wisdom. I went and sought some guidance from some of the MPPs when I was first elected. One said, “Kid, don’t worry. In six months, you’ll know everything.” I’m pleased to say that nine years have passed and I still don’t know everything. But that having been said, when all is said and done, that’s what we’re sent here to do: to look at things, to make principled decisions and to move forward.

I am particularly delighted to have the opportunity to serve as the Minister of Consumer Services. Of course, you’re always delighted when you’re appointed to cabinet, but this ministry is particularly one I like, perhaps because I have a social work and church background, as some people know, and it’s about people. It’s about crossing points—where the issues that they have cross with an opportunity to respond. It goes back to the case-to-cause advocacy of issues. What separates, and I

say this with no disrespect, the social work case worker and a CAS—somebody who has the privilege of doing that—from somebody in this place is, we need to learn to be bold enough to say, “Here was the problem; here was the solution. How do we act to make sure that the benefits of having found the solution for one person can accrue to everybody else?” That is really, really what it’s all about.

I say to the ministry staff when we meet—we meet weekly, by the way, which is another thing that we’ve started. We also have meetings between minister’s staff and the OPS staff to make sure we’re talking about direction—and the deputy has been very, very good in this regard—just to check in. I frequently—not too frequently for you, Deputy—say, “We need to be bold.”

The Chair (Mr. Garfield Dunlop): With that, Minister, you’ve got about nine minutes on another day. We’re going to adjourn today, but on Tuesday morning, November 17, at 9 o’clock, we’ll be here with Minister Papatello of economic development and trade.

With that, I’d like to thank Minister McMeekin for attending today, and all the staff from the ministry. This meeting is adjourned until next time.

The committee adjourned at 1756.

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Tuesday 17 November 2009

Mardi 17 novembre 2009

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 17 November 2009

Mardi 17 novembre 2009

*The committee met at 0901 in committee room 151.*MINISTRY OF SMALL BUSINESS
AND CONSUMER SERVICES

The Chair (Mr. Garfield Dunlop): We'll call the meeting to order. Good morning, everyone, and good morning to Minister Pupatello and all the folks from the staff of the Ministry of Small Business and Consumer Services. We have today and tomorrow to finish up estimates for this year. We have this morning and time after routine proceedings today, and tomorrow afternoon after routine proceedings as well. The questions today should be directed to Minister Pupatello and the staff based on small business services in that ministry.

With that, we will start. The first 20 minutes goes to Mr. Shurman. You have 20 minutes to ask questions to Ms. Pupatello.

Mr. Peter Shurman: Thank you, Chair, and good morning, Minister. I'd like to make a few opening comments and ask for your reaction, just to get all of this on the record.

My questions will, for the most part, focus on the results of your ministry's activities when it comes to small business and to economic development in Ontario as it relates to small business. I have noticed that most of the time, when asked about what you've done for the economy, the answers we get focus on how much money you have spent and less on what was achieved, not whether taxpayers' money was utilized in the best possible way to achieve the best possible results.

Ontario's unemployment rate at this point stands at 9.3%, which everyone in this room knows is higher than the national average. When it comes to job creation, your government has insisted on a strategy of corporate welfare. Our party believes that the job of government is to create the economic conditions that allow businesses to thrive. The McGuinty government has chosen to subsidize individual businesses. Just recalling some of your activities in the last couple of months, you've been in, I believe, Ancaster helping a candy company and you've been in Guelph helping a kitchen cabinet company. There's nothing wrong with those companies, but those are individual picks rather than aid to an industry overall, and that strategy hasn't worked.

Ontario is losing jobs. This year alone, the government has presided over the loss of over 200,000 jobs, and the

fact is that our manufacturing sector in our economy has been bleeding since the McGuinty government came to power. Industry experts tell us that our manufacturing sector may never recover, and stakeholders tell us that our auto sector will not reach its previous levels despite government bailouts. So it's clear that Ontario's economic recovery will only be achieved through what happens to small business.

In April, CFIB, the Canadian Federation of Independent Business, released a tax index that ranked Ontario the second-to-last province in Canada when it comes to a business-friendly environment. In my view, we may not be setting out to kill small business, but we're sure doing a good job. I'd like you to react to what I've said.

Hon. Sandra Pupatello: Thank you, and good morning to everybody. It's good to be back at the committee. Chair, it's nice to see you again, of course. I appreciate the comments by my critic for small business.

I just want to remind this individual from Thornhill that while you weren't with us in 1995 and 1999, through those terms of government, and 2003, in fact, somewhere in the early 2000s it was the government of the day that actually assisted Honda when they decided to expand their new engine plant in Alliston. Again, in September 2003, your colleague sitting beside you will remember that just on the cusp of the election of 2003 it was again the government of the day that reached out to Navistar with a significant announcement. As you recall, we are still watching the fallout of Navistar activity today.

It was, in fact, the Mike Harris government and the Ernie Eves government that reached out, not to the industry at large, but in fact to those specific companies to offer assistance to those companies (1) to maintain their footprint in Ontario and (2) in fact, to expand. That's very much what we've been doing today. In 2003, we extended an Ontario investment strategy for automotive generally, and all five of our OEMs participated. So it certainly wasn't a selection of particular companies; all companies could have applied for that fund.

As well, the various examples you have used are companies that applied to an advanced manufacturing investment strategy. All companies can apply, and when they meet the criteria, then we're really fortunate that some of them are, in fact, in a position to expand in this day and age, in this environment, and we're pleased to be able to assist them to do that.

Those two programs are both loan programs that would be repayable, and they do have to meet job

numbers as well. There have been a number of order paper questions that have asked for that various result, and we've certainly provided that.

As far as how we're doing against the world, we recognize what our neighbours and friends recognize today: This has been a world recession; it's not just unique to Ontario. In fact, it's Canada at large and North America at large, and even emerging economies like China and India suffer tremendously. Japan has been seeing literally half of its exports lost for some time during this recession period. That impacts on all of us.

We're fortunate that our small businesses have done well in comparison to how others have done. For example, the CIBC report that came out a couple of months ago took stock of how much job loss was suffered between multinationals and the small business sector. In fact, it was the small business sector, through this recession, that maintained more employment than their colleague multinational companies. That bodes well for us, and indicates that when you are a small business, you have an opportunity to respond quickly to turn the ship around, to do things you need to do and to maintain employment. Our government has recognized the difficulties we faced in this recession—that it's not been unique to Ontario—and we've needed to cope with that.

As a consequence, I think many of us will remember that our dollar started to rise in about 2000. Twenty per cent of our GDP is based on manufacturing, and much of that is exported; for example, 85% of our automobiles go south of the border. When we see a dollar rise, even a slight one, our manufacturers will feel an immediate clenching, and that becomes difficult, so they have to move to become more and more productive. A number of the services we provide, in particular to small business, the portion of the ministry we're here to speak to today, speak to the kinds of services and access to export opportunities we can offer to our companies to help them overcome what is, frankly, a world economy. More than ever, our companies have recognized that they need to move beyond their typical export borders; they need to get out and see the world and see what other jurisdictions could use their products. We try to help do that through the services this section of our ministry provides.

Mr. Peter Shurman: You've painted a pretty broad picture. Regardless of who issued grants or assisted companies, you're out of the realm of small business when you talk about Navistar and Honda. What I'm trying to zero in on is the burden that I believe—and I think a lot of people, CFIB included, believe—is placed on small business, more in the province of Ontario than in other provinces. I'll bow to what you tell me on percentage level, but certainly in excess of 80% of business operating in Ontario right now is small business. So really, when it comes to the engine of the Ontario economy, you're talking about a lot of people trying to make a lot of economic activity occur in a climate where, from my perspective, we're tying their hands. How much revenue, for example, has been received through audits and fines for small businesses during 2008-09? Do you have those figures?

Hon. Sandra Pupatello: I think those audits and fines might likely be through other ministries, but we'll certainly check to see if there are any that would be received through small business. We wouldn't be a collection agency for any level of fine, so it would be pertinent to another ministry under estimates. But we'll certainly make sure that if there are any to small business, we'll get you that information.

Mr. Peter Shurman: Can you talk to me in generalities, then, about the level of intrusion that audits and fines represent on small businesses? I have personal experience in this; I don't know if you do. I owned and operated a small business for 15 years, and sold it in 2003—no particular coincidence with that year; it just happened that way. This was not a huge business; it wasn't a tiny business. It employed 120 people. This predates your government, in fairness. It's only gotten worse since. The onus on us to allocate valuable time and resources—I remember a provincial sales tax audit and issues on WSIB that didn't even apply to my business that were quite intrusive, time-consuming and really unaffordable.

I get complaints like this in my office all the time. What about you?

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Hon. Sandra Pupatello: I will tell you that since 2003, we've had a significant decrease in the number of regulations that apply to small business, and we've been motivated actually to do that. For many years now—and it's not one particular government at fault; I think it has grown over the years—our government and the previous government had a focus on getting rid of regulations that weren't necessary. In the first go at it, there was a lot of low-hanging fruit, where there had been a review in ministry after ministry where antiquated 1800s-type regulation didn't need to be on the books, and the likelihood of them actually being applied was slim, so it was easy to come up with a large number of regulations that had been eliminated.

As you get closer to where that sweet spot is and how regulated a business should be, I think it becomes more difficult and you have to be aware of what you are removing and what is relevant to public safety, whatever that issue is.

It depends on the sector as well. If it's a sector that has a tremendous impact on the environment, there will be more regulations that apply to it than perhaps to a retail space on a main street in any city or town in Ontario. But I do know that we've made a significant effort and had good results in decreasing the number of regulations that apply.

In addition, something that's very relevant, that I think you'll appreciate if you've been in business yourself with that size of an employee base, is that we've also gone at the types of forms that have to be filled out and how. We've actually decreased the number of forms required, decreased the length of forms, simplified the forms; we've taken an axe, really, to them so that people can do it more quickly.

We've engaged in a number of activities that make life simpler for business by accessing one website to get at everything that you might require. It saves businesses a tremendous amount of time and energy just looking for where to go to find the appropriate information that they need for their business, depending on what sector they're in.

If you go to our website for small business—we launched that not too long ago. We're having very good feedback on the simplification of interacting with government, understanding that yes, interacting with government is a necessity for business; yes, small businesses pay taxes. So on every front, we are trying to simplify that by doing much of the work behind the scenes so that what they get is one activity that accesses as much as they need.

I hope that there may be further questions around our activities on that one-window approach because we are getting good feedback. Organizations like the one that you referenced, in fact, have helped us. Our small business agency is a sounding board for us as well to get good information on how to simplify life for business.

Perhaps you'll be returning to your small business and you'll find that life will certainly be simpler for you there.

Mr. Peter Shurman: Your work is cut out for you if you're talking about simplifying the workload on small business, because I don't think there's a small business person in the province of Ontario who wouldn't tell you that the onus, the burden, the workload that's placed on that business, even if it's one, two, three or 10 people, is as large as—indeed, it's larger than—any other province in the country. Do you agree with that statement?

Hon. Sandra Pupatello: I don't know how it applies across provinces necessarily, because our world now—when we're doing our comparisons, frankly, we're looking at jurisdictions around the world. The companies that we're engaging are in Europe, for example, and I will tell you that we have a number of European companies—in Italy, France, Germany—who are looking at Ontario for two reasons: They are finding a very simple place to do business, compared to the bureaucracies that they find in Europe. That could be because of their own country's level, in addition to being a part of the EU now. That, coupled with a strong euro, is making Ontario a very lucrative place for them to look to do business in. We're seeing some great interest, and it's causing our offices there to be very busy with companies that want to see it. How do you do business in Ontario versus in Europe? We're much simpler, much easier. The interaction with government is much easier.

I have to say that we're trying to take advantage of as much technology as possible, accessing technology for a business to talk to government in a very simplified manner. You've heard of the 1-800 number, where people dial one number and they can access all the information they need from that one source. It takes a tremendous amount of change in the back offices to make that happen. A lot of technology needs to be upgraded, so it'll

be a multi-year approach while we change, and as we change, we start to merge the architecture so that it all fits together well.

I have to say that I don't believe it's a partisan position to want business to be simplified as business interacts with government. I think every party would seek to do that.

Mr. Peter Shurman: Minister, it's not a partisan position. Everybody wants small business to thrive in the province of Ontario, and I don't think you'd get anybody in this room disagreeing. The issue is how hard it is to be in small business in the province of Ontario. With respect, I'm sure that it's an interesting comparison to be talking about Europe, but I'm much more interested in whether a business feels comfortable in Ontario or more comfortable in British Columbia.

Hon. Sandra Pupatello: I would say that British Columbia is also a competitive province for Ontario, and there are a number of companies from BC that are also looking to Ontario. I think we have to be mindful that our competition in North America is in a number of state jurisdictions, so we have to contrast lots of laws and regulations across lots of dimensions, whether it's labour, whether it's environment. Somewhere in the middle is where Ontario should be. We want to be kind to the environment, so our government, including your previous government, initiated lots of things to be kinder to the environment. That does mean regulation, so can we do that in a simplified manner so that business can respond easily and we don't add additional cost to business? We have taken an initiative around the environmental assessment process since 2003 where we're streamlining work with the federal government so that things don't take as long so that we parallel the activity as opposed to one after the other so we can cut swathes of time out of that process. There are a number of activities across a number of ministries that, in the end, make it simpler for business.

I think we have more work to do, and I sure wouldn't disagree with you or with the CFIB on their position, because ideally we want it to be the easiest place to do business. I think we're further ahead than we were, we're certainly moving in the right direction, and we have more work to do. I'll be the first to acknowledge it.

I do think you have to acknowledge, though, that we've eliminated a tremendous amount of regulation. We've got a 25% decrease at this point. The forms have been eliminated and simplified. A tremendous number of them—I think some 600 of them—have been eliminated. That's all very good work, and I think we're doing it properly. We're doing it with good consultation. We're not eliminating things that shouldn't be. We're very mindful, when we add them, that we look at what we can remove when we're adding new ones.

Mr. Peter Shurman: I appreciate the fact that you're presenting the macro view as you see it. Let me talk a little bit about the micro view and get some input from you. I have been recently in a couple of groups where small businesses were put together and had the chance, as

you sometimes do, to talk to individuals, moms-and-pops for the most part, people with one and two and six and seven employees. I'm remembering one particular woman, not two weeks ago, literally breaking into tears and telling me, "We have worked so hard on this business for so many years. Why is there so much regulation? Why are they bothering me so much?" Basically, the feeling is—let's start with taxes, now—that you're breaking their backs.

The Chair (Mr. Garfield Dunlop): Four minutes left in this round, by the way.

Hon. Sandra Pupatello: This round.

The Chair (Mr. Garfield Dunlop): No, I mean—

Hon. Sandra Pupatello: I know what you mean.

Mr. Peter Shurman: We're just beginning.

Hon. Sandra Pupatello: I think it's important to have a relative conversation about taxes. For example, we've tabled three budgets consecutively now that have all adopted decreases for small business. I don't know how both parties will ultimately continue to vote on the budgets presented by this government, but this last one is showing \$4.5 billion in decreases for small business. It's really important to note that we're moving in the right direction. We've recognized that we can't drop them entirely to where people want them to be because we have revenues that the government desperately needs for our focus on health care and education. However, we have had a seven-year plan, we're in about the fifth year now, of a decrease in the educational property taxes for business. Year after year after year, that number is coming down.

People have to take stock of where we were. In fact, since 2003, we're significantly less. Now our corporate tax rates are comparable and competitive in North America, and we have great documentation that regardless of where we are—if we're in Chicago or Boston, compared to the balance of the provinces in Canada—we are very competitive on the corporate tax scale.

What I will do, perhaps when we reconvene this afternoon, is bring you the chart where we show our competitive jurisdictions and how we rate in competitive tax for corporations. We've removed the threshold for small business; that was in the last initiative.

I believe that you would support these initiatives. They're things that were never done when your party was the government, but we've recognized, as the world has grown smaller, as we've faced a recession, that we have to do more and more to help our businesses be competitive.

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Mr. Peter Shurman: Tell you what, you bring those, and I'll bring the CFIB survey that shows that people in Ontario and Quebec feel they're most under the gun—most of all, Ontario—where small business is concerned.

Would you say that we have, what, 800,000 small businesses registered in Ontario now?

Hon. Sandra Pupatello: I can certainly check the number. It depends how you break it down. Keith West is our ADM; I think he's got some numbers for you.

Mr. Keith West: If you follow Statistics Canada, there are more than 370,000 small and medium enterprises in the province of Ontario.

Mr. Peter Shurman: Okay. The PC caucus's small business jobs plan—you've heard about that—announced recently calls for a one-year payroll tax holiday on new hires. We think that's a really great idea to stimulate small business. Is that something you would buy into?

Hon. Sandra Pupatello: Well, I think that for those who—

The Chair (Mr. Garfield Dunlop): You have a minute to answer this.

Hon. Sandra Pupatello: I think that if those who were involved in putting a task force together for your party were to look at the history, even since 2003, in the tax initiatives alone for small business, I think your task force would agree that in fact the government is moving in the right direction: They've decreased taxes for small business; they've eliminated the threshold that pops them into another category of tax; the education property tax—which was a seven-year approach to totally eliminating it; the capital tax that has been completely eliminated by July 2010, which means for companies who invest, they won't be paying that capital tax—that is something that has been talked about for many years but in fact was never done and is being done effective July 2010. These are tax initiatives that have a tremendous impact on the bottom line for companies, not to mention the HST, which for businesses is dramatic. In one fell swoop, come July 2010, these companies will be able to eliminate 8% from their input costs, which means they'll be in a position to lower their costs on to the consumer. This is a huge step forward in being competitive, and we recognize it's being competitive in North America and the world.

The Chair (Mr. Garfield Dunlop): We'll now go to the third party, Ms. DiNovo.

Ms. Cheri DiNovo: Thank you, Minister, for appearing before us. Also, thank you, ministry staff, for all the work you do. It is duly acknowledged.

I have a couple of opening remarks, and then I'll start into the questions, most of which I think I've already given to your staff so they've had some chance to prepare.

First and foremost, I think it doesn't take a rocket scientist to look at the changing face of business, not only in Ontario but around the world. If you go to just about any big city now you'll see the same chains, the same stores, just on a retail basis, so that there's kind of a homogeneous look to cities. This is the changing face of business, which is to say, increasingly small business is having a hard time of it and globalization is taking over. We're part of that. I get that. At the same time, we also recognize, in the New Democratic Party, that 90% of new jobs, and jobs generally, are generated by small business, not by big business, in Ontario, so this is a critical facet of our economy.

I'm going to focus on a few things. First of all, the cost of the HST and the implementation for small business: We've heard a number of complaints in our

office about that. It's onerous, particularly onerous the smaller the business is.

If I could characterize the way the New Democratic Party and the small business owners in TABIA and CFIB see the McGuinty government, I think they would characterize the McGuinty government, really, as a government of big business, as over and against small business. Why do I say that? Well, we often hear the McGuinty government talking about tax relief and the corporate tax breaks. Quite frankly, that doesn't help small business. For the most part, small business isn't making any profits these days. Medium-sized business has a hard time making profits these days, and I can tell you that even those that are keeping their heads above water are not in a position, usually, to take advantage of those corporate tax breaks. That's problematic.

Then, there are all sorts of ways in which this government has, and I don't think it's going out on a limb to say it, hurt small business—things like undue regulatory load. I'm talking about specific industries. For example, Karl's butcher shop existed in my riding for over 40 years. It was driven out of business by this government because all of a sudden they were required to put \$200,000 worth of capital investment into a business that had passed muster with Toronto public health authorities for 40 years. It was good enough for Toronto public health authorities but not good enough for the provincial ones, hence it was driven out of business. Small ma-and-pa pharmacies have come to me and said, "Why is it that Shoppers Drug Mart, for example, gets all the WSIB business and they don't get any WSIB business? It's a good question; I can't answer it. Again, small business is not being helped by the administration; it's being hurt by the administration.

Franchisees as contrasted with franchisors—a classic case of small business against big business. Franchisees in one year alone—this is Google. I'm afraid this is Internet info, and I haven't been able to get a substantiation for it, but we saw something like 5,000 lawsuits against franchisors by franchisees in one year alone—clearly a problem of defending the interests of franchisees, many of whom are new immigrants, many of whom invest their life savings, many of whom get ripped off.

The smart meter implementation: Again, the cost of that to small business is onerous.

The discrepancy between 416 business and 905 business: This comes from TABIA. When I was first here, I introduced a motion to rationalize the business education tax, and although the government has made some moves in that direction, one small business owner told me it saves him something like \$10 a month, so far and away from what small business is looking for in terms of 416 being unduly hard hit by the business education tax as compared to 905 business—again, no explanation really because education is education across the board. Again, I've kind of given the big picture.

Finally, there isn't really any help for small business start-up. Here we are in a recession. You get laid off as a line worker at an auto plant, you're at mid-life, it's hard

to retrain and go into some other business, but here's an opportunity—and this is how I think a lot of small business starts in Ontario—to start your own business. You've always had this burning idea to do something. What do you do?

First of all, a loan isn't going to help you, because, quite frankly, if you've been laid off, you're probably already maxed out on your credit cards, line of credit and your mortgage. What you need is a grant. Many jurisdictions in the world give grants to people in just such a position, with a workable business plan.

For example, in the early 1990s, there was a grant program—a huge take-up, huge popularity. I think it was \$5,000 at that point. They'd give a grant of \$5,000 for a decent business plan. It took people off social assistance rolls, it helped with the EI payments, and guess what? Those micro kinds of grants helped furnish small business, especially for women, interestingly enough, and new immigrants.

That's the kind of stimulus that small business is looking for now. I would suggest that, right now, even a \$10,000 grant would help a lot of people and would save the government money overall, depending again on the viability of their business plans.

I want to hear, too, from the government about bankruptcy rates and what's happening there.

Finally, I want to hear about assistance to small business—and this is a complaint I get all the time—in meeting their obligations under the Ontario disabilities act.

Now, do we in the New Democratic Party think that the Ontario disabilities act is a good thing? Yes, we do. But you can imagine the onerous cost to a small business to implement. Say you're a restaurant and your washrooms are in the basement. All of a sudden, you're going to have to do a huge renovation on your property. You're going to have to do it by such and such a date. How is the government going to help you do that? Again, this hurts small business. It doesn't hurt big business; it hurts small business.

My church, for example, just put in an elevator. It cost them \$250,000 for an elevator. They had to fundraise to get that money.

This is going to be implemented across the province, and across the province, you're going to hear the cry from small businesses as to how they meet these obligations.

That's the overview, and to get down, then, to some of the questions. First of all, I didn't even mention this question, but it's a question that CFIB would like to have an answer for: What is the government doing to help defray the rising costs of credit card processing fees on small business? I know that many small businesses in my riding are now doing cash only because of this.

Hon. Sandra Pupatello: I certainly appreciate the overarching commentary to start, but I think that I want to refer back to the comments we made when the PC member was asking questions as well.

We've acknowledged that all governments over time have had to rethink how they approach small business, and I think we've done that. You've listed a number of examples where small business centres right across Ontario are there for the express purpose of giving assists to business.

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It isn't necessarily a grant or loan program out of those offices, but often what businesses need are connections, networking opportunities, need-to-know information, access, again, through one website.

We can find out if grants and assists are available for things like lowering their heating costs—simple things about running their businesses. I have, in my own hometown of Windsor, a woman named Nancy. She's famous amongst the small business community because everything you need to know, you give Nancy a call and she'll help find where you get that information.

That is largely what the small business department of economic development and trade does: They run these business offices across Ontario. They deliver services to business. Those are services that I think are welcomed. It gives them access to information, and often it's one of those catchphrases—you gotta know to know. If you don't know a program exists, you don't know whether to take advantage of it.

The government has worked hand in hand with local utilities, for example, to offer up support to small business, if they're going to make changes, to be more green, to be more fuel-efficient in their operations. There is assistance available there.

Ms. Cheri DiNovo: Excuse me, Mr. Chair. With all due respect, I asked a question and I'm on limited time here; I've got 20 minutes. I would ask that Madam Minister answer the question about the credit card processing.

The Chair (Mr. Garfield Dunlop): You can interrupt. That's part of the proceedings here. You can if you're—

Ms. Cheri DiNovo: Yes. Well, I just want to bring it back to topic, because you can chew up the entire time and we're not going to get an answer to our question.

With due respect, I asked about credit card processing fees on small business. What is this government doing to help defray the costs?

Hon. Sandra Pupatello: You did mention a whole series of issues for small business, so I thought it was fair that our government respond to much of it. I think the Ontario disabilities act is an important one, an important point for how small business will be responding to this between now and 2025.

In particular, when it comes to financing, again, our small business offices across Ontario are there to give assists to businesses. In particular, financing through banking and credit cards tends to fall under federal regulation. I will have a look and see—if we reconvene this afternoon, or when we might get a response back to this member—if there's any activity throughout our ministry in interacting on regulations or fees through banking with the federal government, which oversees banking regulations that relate to credit card activity.

Ms. Cheri DiNovo: Okay. The second question: Why didn't the government consult small businesses before they mandated the use of smart meters?

Hon. Sandra Pupatello: I think the whole use of smart meters has come on in a very stepped process. This is something that's outside of the small business ministry, so what we can do is refer the smart grid questions to the Ministry of Energy in terms of what their plan is.

But it has begun in the GTA. There's a stepped plan to have them going across Ontario. And in terms of participation, I'm certainly aware of the smart metering system at the residential level.

Mandating for business: I'm not certain what the member is referring to in terms of mandating it, because frankly, we're going to be moving fairly slowly, from my perspective, in giving opportunities for businesses to have smart metering.

Ms. Cheri DiNovo: The problem for small business, of course, is that they're unduly affected by this. Since you open your business during peak hours of the day, usually—most small business opens during the day—you're going to be paying the highest rate. So it's really a policy that's geared, in a sense, for residential use, not business use, and unduly affects and hurts small business. This again comes from CFIB; it comes from small business itself. They would just like to know.

Hon. Sandra Pupatello: It may be because a significant proportion of businesses that are members of the CFIB are retail-based, but a number of our businesses across the province, in fact, are 24-hour operations or, at minimum, two-shift-type operations, where smart metering is very useful. So there may be unequal benefits, but I think that in every case there should be some benefit to that program.

Ms. Cheri DiNovo: Again, I think the question speaks more to the consultative role, that they felt left out of that conversation. They felt left out of the decision-making process and would have liked to have had input.

The minister made mention of the disabilities act and talking to the federal government about financing, I think was what I heard.

Here's a constant frustration of small business: Most small business is financed as far as they want to be; let's put it that way. They don't need any more debt load. It doesn't help much to even get a better rate on their debt right now. What small businesses want to do—most small businesses that I've talked to, anyway—is get out of debt; they don't want to get into debt. So more loans or better loans are not their answer, for the most part, right now. When you're looking at huge capital outlay—again, everything from elevators to completely remodeling your restaurant—and this affects everyone—surely the government has some kind of strategy in mind for small business. Let's hope we get out of the recession by then, but even so, this is a huge capital outlay for just about every small business in the province in some way, shape or form. So what's the plan, Madam Minister?

Hon. Sandra Pupatello: I had the good fortune of being the Minister of Community and Social Services,

which the AODA falls under, and struck those committees that dealt with the various sections of our communities where they would be dealing with and developing plans to enact accessibility between now and 2025. In fact, I remember clearly receiving a tremendous amount of criticism from the New Democratic Party for it being too slow, for it not being implemented immediately, which would have caused tremendous issues of the kind that you describe now—only we would have had them all by now, because the NDP, I remember, wanted it all implemented immediately. I'm glad to see that you joined that party since then to bring them some sense in terms of how we have to implement things that are a tremendous change across our communities, and in particular on small business.

I will tell you, though, that small businesses on a regular basis make capital outlays in terms of improvements and maintenance. They do that ongoingly; it's a function of their business. They knew that this act was coming. It has been in place already for years, and we've been discussing it. The whole point of it becoming so public and letting people know that it's coming back in 2003, when we started talking about it, and when it was finally tabled and passed in about 2005 or 2006, was so that people would know, as we moved forward, that these things were going to be required. So as they made their plans four or five years ago and into the future, knowing that this kind of effect is going to happen, they could start to plan for the kinds of investments that would be required, when they do have maintenance as a line in their budget every year, so they would start to implement the kinds of things that make their place far more accessible, slowly, between now and 2025.

We're hoping, of course, that everybody is going to come along for this ride and will find a way because it's in all of our best interests. There have been innumerable studies that have mentioned that they have access to a greater customer base when they open their doors and make themselves accessible to people, not just those with physical disabilities, the elderly, people who are frail; it just opens the door to many, many more customers. In fact, when we did studies across American states where this had been implemented, they found that they could increase their revenues because they had such a large customer base. We hope that, over time, that will be the experience Ontario shares as well.

Ms. Cheri DiNovo: Thank you, Madam Minister. Basically, what small business is hearing out of that, unfortunately, is that they're on their own, that they're not to expect much help from this government.

HST implementation costs: Many, certainly most of my small businesses, are upset about the HST, period. They don't want to see it come in. But in particular, they're upset about the implementation cost. It's a considerable cost; they have to change everything—their computer programs, their pricing, their brochures, their advertising, yada yada. We've heard an on-average cost of transition—I understand that there's a credit here. The credit is, as I understand it, a \$300 to \$1,000 small

business transition credit. But our small business is estimating that it's going to cost, on average, about \$3,845 on a per employee basis. This comes from their research, not ours in the NDP. Again, I'm just asking if there's going to be any help from this government to defray the real cost of that transition.

Hon. Sandra Pupatello: Yes. I'm glad you referenced—

The Chair (Mr. Garfield Dunlop): You have about three minutes.

Hon. Sandra Pupatello: There will be a total of about \$400 million available in one-time transitional assistance for small business. I don't believe that the true costs are known yet; it is still new. Our minister just tabled final regulations in a budget bill yesterday in the House.

As more information becomes available to them, I hope they'll find that they can see the benefits, because the HST as a policy is the single largest initiative that a government can put forward in one fell swoop to increase competitiveness and productivity for our businesses, given that we are up against the world right now in this recession. So transitional assistance is going to be useful for them in a tax credit form. In addition, they're going to see the ease with which they can interact with government when it comes to these taxes. There will be one submission, not two. There will be one form, not two, and each of these forms causes all kinds of work and time, and it's just going to be simpler. There's an estimated half-billion dollars in savings to small business just from the streamlining of the process moving to one system. That is largely going to impact on business. The Ontario Chamber of Commerce did a tremendous amount of study before they presented their position and it was their number, in fact, that was suggesting a half-billion dollars in savings from just streamlining administration by moving to one tax system. So I think it's important to put all of it in perspective.

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Moreover, since the lion's share of our businesses are small and medium-sized businesses, representing over two million people who work in that industry, these are taxpayers themselves. In addition to the HST being implemented, everyone, 93% of all of our income taxpayers, will receive a tax decrease. So all of us, except those in the highest bracket, are going to receive a tax decrease. That means that each of us individually will be paying less tax. They'll also be subject, a big swath of them, to a one-time payout of about \$1,000 over three instalments to assist in their own transition as consumers. Those are people who largely work for small businesses.

We know that this is going to be a change. Nobody likes change. Most people don't like to change their seat in a room, let alone change how our tax policies are implemented. So for small business, we need to do our work in educating them about what the benefits will be to them as a business, what they won't be paying as a business, because all of their inputs now are decreased by 8%. Transportation costs for things where they have to get their product to places: That tax will be decreased for

them. In all other jurisdictions where this has been implemented, that has meant that the cost of their consumer goods has decreased. So the public can be assured that if we do what everyone else has done, that is what we are looking forward to: a more competitive price on the product, businesses that pay less tax to actually produce their goods. In the end—

Ms. Cheri DiNovo: It's unfortunate—

The Chair (Mr. Garfield Dunlop): That basically finishes—

Ms. Cheri DiNovo: It's unfortunate that CFIB does not agree with that.

The Chair (Mr. Garfield Dunlop): Now we'll go to the government members. You have 20 minutes. Mr. Ramal.

Mr. Khalil Ramal: Thank you, Minister, for appearing before our committee. I have a different perspective from the opposition party and also the third party. I know they painted a very negative picture for the people of Ontario and the role of government in assisting the small, medium and large businesses across the province. I personally have a different experience with your ministry and with yourself in particular. In fairness, I should probably share the whole information with my constituents and all the people who are watching us today. I want to thank you personally for coming many, many times to my riding and coming to London to assist many companies that are facing some difficult times, to give them the chance to sustain their operations in the city of London and also in the province of Ontario. It has meant a lot to us as citizens of London and Ontario to see the government and your ministry play a pivotal role to assist those companies to keep their doors open and help many people of my city to keep having jobs and providing food for themselves and their families, and for the taxpayers of the city of London, the tax base of London, and also for the province.

Minister, I know you've been busy and you've met many different companies and you assist all the people who knock on your door and you try your best to see how you can support them in many different ways. I met with you and with a company not long ago here in Toronto to assist that company to expand and hire more people. I know we're facing difficult times, not just in the province, not just in Canada, not just North America but worldwide. Can you tell us, what's your strategy? What's your plan? Are you going to continue your new direction in order to support the companies—I think successfully. You're able to maintain a lot of the jobs in the province of Ontario, despite the third party and the opposition party's saying that you're not doing enough. But in my own eyes, and from my information, you're doing an excellent job. I want to thank you again and I want to tell you that your initiatives and new directions have been many. I know with your positive attitude, you support some companies that for some reason want to leave the province, or they cannot operate anymore despite whatever you offer them—financial support or whatever support you give. So can you tell us what you do in general

to assist companies—small, large and medium-sized—across the province of Ontario?

Hon. Sandra Pupatello: Thanks for your commentary. I think it speaks well of all of the bureaucrats that work in the small business division.

I think that if there's one area of government where they are firing on all cylinders here and humming like a machine, it's the small business centres right across Ontario, which are run by the small business division of the Ministry of Economic Development and Trade. Our folks are out there, they're on the road, they're on the ground, meeting with businesses on a regular basis. They also come armed with this huge toolbox, and inside there is all kinds of information to be useful to businesses. Depending on what we have on offer in terms of programs and support, if it's a program that the Ministry of Training, Colleges and Universities comes out with, we make sure that our businesses are aware.

The last budget, for example, tabled massive increases to the apprenticeship tax credit, and we need our businesses to know that this is an offering that they can take advantage of. It's open to all businesses that meet the criteria within the Ministry of Training, Colleges and Universities, and in fact many are. So whether it's a program or an assistance or a tax credit that's affiliated with our ministry or another ministry of government, it's the small business offices that are out there to get to the grass roots businesses and see that they're well-armed to get the kind of assistance that will help them move their business forward.

In tax policy, I think our Ministry of Finance has responded dramatically over the course of three consecutive budgets to table decreases to small business taxes, and in a number of other areas, like the elimination of the threshold for small business, so that there isn't that sort of unsightly cap where businesses would stop because they would be popped into another level of taxation. Those are really important initiatives that are meant to encourage businesses to do more.

We have a tremendous relationship between the divisions of economic development and trade, so that our offices around the world that might be in the international trade division suddenly become open to small businesses in London and St. Thomas and Wawa and Windsor, where they can actually look and say, "Hey, I've got a product that could be for sale in Paris. How do I get information in a whole other country in Europe?" In fact, we have access to that kind of on-the-ground information because of the office that our ministry has in Paris, and likewise, if it's in Munich or London—if it's financial services based, depending on the sector—there will be a sector just like it that they could do business with around the world. Our small business offices have access to get that kind of information to our folks no matter where they are in Ontario. We work collaboratively with the Ministry of Northern Development and Mines so that all of our information is available to those folks for small business in the north.

I think that service really is the key here. We have to get information to them quickly and give them the tools

so that they can succeed in their business. I think we've had some good success. There's no question that over the course of the last two or three years, Ontario in particular has been hit hardest—harder than any other place in Canada—for a lot of reasons that, frankly, a provincial, subnational government cannot control: the level of the dollar, for example; what other countries are doing; how the worldwide financial crisis hit us, how it impacted on the recession at large, and how that impacts where we export our products. Frankly, our economy really is tied to how the consumer is feeling in the U.S. Those are some of the things that the Ontario government, or Ontario in general, can't control. But we're working on it, and it's a matter that when you're faced with some tremendous challenges the government, too, comes to the table to give as much assistance as we're able.

Mr. Khalil Ramal: Thank you very much. My colleague has a question.

The Chair (Mr. Garfield Dunlop): Mr. Delaney.

Mr. Bob Delaney: At the time that I served as the parliamentary assistant to the Minister of Research and Innovation, one of the things that I especially enjoyed was attending all of the many science fairs. One of my personal things, being a graduate in science, has been to adopt the Peel Region Science Fair and to be in many ways its patron. I've always been struck by how much young entrepreneurs have to offer and how much they look forward to participating in the marketplace. As I've gone especially to the science fairs—and I'm going to keep coming back to them—I'm really struck by some of the really, truly innovative ideas that kids come up with. In some of them, what I've been able to see are ideas that are more or less market-ready and are not merely demonstrations of a concept. In the cases of a few that I remember, particularly in green-roofing and heat retention in homes, not only was I interested but so were a number of others who were potential funders.

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As we teach our youth some of the things that they can take in terms of intellectual capital and turn into a very viable product, one of the other imperatives that comes to mind is that you see good products, but when you chat with a lot of the young entrepreneurs and some of the, I guess, future generations of small and medium-sized businesses in the province, you're struck by the fact that they know how to do the thinking. But the other part of it, which is to say the assistance to businesses that would represent the backbone of tomorrow, is one where I've thought, you know, we could be doing many more interesting things for our younger entrepreneurs.

I think it makes it relevant to some of the things that we're discussing today, because with the mandate that your ministry has, particularly as regards preparing small and medium-sized business owners of the future, I thought I would give you a chance to expand on some of the thinking that you've doing, some of the outreach that you've been doing, to allow the future business and community leaders to strengthen our economy. I'm going to ask if you could perhaps speak about that for just a few minutes.

Hon. Sandra Pupatello: We could speak about this all day, actually, Chair.

Interjection.

Hon. Sandra Pupatello: I said that we could speak about this all day, Chair, and I'd be happy to, actually.

Anyway, I think that the small business department of this ministry has some significant programs for young entrepreneurs, and programs that are wildly successful too. None, of course, are of my creation; they've been around for some time, but they keep improving.

We did have one that was just launched last year under Minister Takhar, who was very global in his thinking as well. He created a program called global traders program, which was really innovative, for government to step in and assist young people to get out there in the world, to see how business is done in other parts of the world. The benefit that they then bring back as young people, as students, moving into a local business, is tremendous. The global traders—it's called the Ontario Global Edge, actually, not traders. We've had 50 program placements per year; that's the target. They go to all kinds of far-flung places. They're organized to be doing co-ops in various places around the globe. We're having really, really great success with this. It really was an effort to get young folks in our businesses in Ontario to see far beyond what our traditional marketplace has been in this province.

There's an Ontario secondary school business plan competition where, through the school boards, we would reach out and offer prizes to individuals who tabled a really terrific business plan. Interestingly enough, a number of people, whether these young people win the competition or not, use these business plans in fact to enact a business.

There is a future entrepreneurs curriculum, a tool kit that's been made available in our official languages to get into every school board so that teachers can adopt and use the tool kit to teach entrepreneurialism to their students, something that we think is a mindset that starts at a young age.

There is a youth entrepreneurship partnership, which provides funding for not-for-profits whose focus is getting out there and getting young people totally turned on to being their own businessman or businesswoman. There are rounds of funding that go out each year to support this. It's Ontario-wide and it receives terrific success. One of them was the Canadian Youth Business Foundation. They would help on the order of almost 400 young people through funding that we support.

One that I think is really of interest, because it has long-lasting implications for the Ontario business scene, is the summer program for summer entrepreneurs, who go through a process to be selected where they'll receive a grant of up to about \$3,000 to start their own business in the summertime, the qualification being that you know that they're going to return to school. But what's really interesting is that hundreds of them, over the course of this program being set up, are still operational today. There are some 850 new businesses today that started as

this summer program, that started with a small grant for an individual to launch their business. We don't just turn over the money; the program is actually set up so that they're matched with mentors in business who meet them on a regular basis to help them walk through all of the steps required to start your own business. The success rate is tremendous: an 85% success rate, which would be constituting that they make more money than they spent, these young people. But just knowing that these companies continue is the best outcome of all, because what starts as a good idea for a young person with lots of energy through the summer is, in fact, a business that keeps going and a business that that individual continues to return to even after they've done their schooling.

I know that many MPPs take time during Small Business Week, which we just had in October, to reach out to our young people in all of our communities to talk about entrepreneurship. I've been struck, in the many places that I've been fortunate to travel to to promote Ontario, to see a level of entrepreneurialism that I think we still need to achieve here, that it's still up to us to get young people to think about the possibility that their future is running their own business. Items like the curriculum, the tool kit available for our young people in schools to actually be taught that this is a viable alternative, is exactly the way we need to go. The benefits are palpable: If we see that small and medium-sized businesses make up 95% of all our business, then we're doing a really good turn for the economy as well. For young people, the confidence it instills in them to start a business when they're young keeps them thinking that this is something that they can do.

Mr. Bob Delaney: One that some of the kids have talked about is one that I think you mentioned, Summer Company, in which the successful applicants receive, I believe, some start-up costs. I wonder if you could expand on that a little bit because a lot of the brighter kids don't really know that it exists, and some of the best inventions would do very well to get out of the lab and get a summer's worth of experience in the hands of someone who may potentially be a business owner. One of the other things it would do is to encourage some of the young people who have conceived of an idea in which the person who has conceived the idea may not necessarily be the one most appropriate to running the business. So the Summer Company idea gives them a chance to find and partner with someone whose skills may be more entrepreneurial than those in straight product development. Maybe you could expand a little bit on some of the mechanics of how that program works.

Hon. Sandra Pupatello: The small business enterprise centres across Ontario, of which we have 56 in total, reach out, through those offices and colleague not-for-profits who are interested in this, to get the word out to young people that this is a program that's available. A student would apply and be accepted. They would receive \$1,500 at the beginning of the summer. At the end of the summer, they receive an additional \$1,500, and in between, they keep all of their profits. Right at the

beginning of it, they are matched with mentors who do a similar type of business. Those mentors are selected by our staff in various offices and these non-profits who have a collection of people who want to do this as their volunteer activity. So the mentorship program links them on a regular basis, giving them access to guidance, information, network opportunities, what they do to help sell their business and sell their products.

In the end, it's a great opportunity. It links young people into the business world at a very early age, it links them with automatic contacts to people who are in that business through their mentors, and the success of it, in the end, is tremendous. It speaks for itself that so many of them—since its inception in 2001, we've had over 2,500 who have gone through the program. Of all of those, to have over 800 businesses that are still in operation today as a result of this program I think speaks volumes about its success. To one-stop shop, by the way, go to our website. What's our website address for small business? Go to ontario.ca/economy and go into the summer student program, and they'll find it.

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Mr. Bob Delaney: We're just about at the end, which is unfortunate because there's still an awful lot to explore. In the next round of questions I'm probably going to be talking about some of the things we can do to help young entrepreneurs, especially in communities such as I come from, where so many of the families are from abroad, be it western Asia, southern Asia or eastern Asia. Mom and dad have business networks and it stands to reason that some of their children would think, "Doesn't the whole world operate globally?"

I know the ministry has some programs that encourage and assist young people in starting to think and operate globally, so perhaps in the next round we'll have a chance to explore those.

I think that about takes care of our time, doesn't it?

The Chair (Mr. Garfield Dunlop): You're just about right on, yes. What we'll do is, we'll take about five minutes now for Mr. Shurman at this point and then we'll recess until this afternoon because we have a vote in a couple of minutes. So, Mr. Shurman, you have about five minutes.

Mr. Peter Shurman: Okay, thank you, Chair. I want to continue, Minister, on something I touched on as my time expired last time around, and that was particularly the PC caucus small business job plan that we've unveiled.

You talked about being partisan or not being partisan. I don't think this is particularly partisan. We happened to author this thing, but, to my mind, it's something you could buy into very easily because what it says is, "Pay-roll tax holiday on new hires for one year." What does that do? It gets people off the unemployment rolls. It stimulates small business by giving them a tax holiday for a year. In effect, it's a quid pro quo. There's no cost. Why wouldn't you adopt a strategy like that?

Hon. Sandra Pupatello: In fact, we have had similar notions. It was the Premier's pet project. He was

determined that he would help to encourage small businesses who are taking new and innovative ideas. When those individuals take a great idea and turn it into a business, they will receive a tax-free 10-year period for the provincial portion of corporate tax in this province. That was a notion that was put forward. It was in a budget that was two budgets ago, I believe. A tremendous response because they said, "Wow, that's good." That's something that will encourage people to actually jump into business, take that new idea and commercialize it—

Mr. Peter Shurman: You're telling me we're on the same page here.

Hon. Sandra Pupatello: —and they get a 10-year tax break. What's really unfortunate is that you voted against that measure when it came forward, because in fact that seems to be the kind of thing you would support. I have to say that a number of the initiatives that we've brought forward are meant, especially from a tax policy perspective, to be of assistance to business.

The lion's share, the biggest impact for better competition, better productivity, is the move to a single sales tax. The savings and streamlining of business applications for a small business to have to manage is tremendous, and I think we need to be supportive of things that will streamline business. You yourself spoke of the level of paperwork, the level of paper burden. These are the kinds of things that, in one fell swoop, will eliminate a tremendous amount of that paper burden.

Mr. Peter Shurman: Minister, with respect, let me just stop you there. You're going off into the HST realm. I'm quite prepared to go through an entire round of questioning later today on that issue because I have some thoughts on it and I want to hear your reactions, but I do want you to answer this question: Are you prepared to implement a plan that gives small business a tax holiday for a year for hiring new people?

Hon. Sandra Pupatello: I think it's probably safe to say that we believe that our plan for small business is the plan that works, a plan that we've been implementing for a number of years now. All of it has been around decreasing taxes to small business. So I think we're actually on the same page in terms of where we want to go for small business. Lowering their business taxes—the business education tax has been lowered. It will be lowered seven years in a row until it's eliminated, and we're in about the fourth or fifth year of that process right now.

We've eliminated the small business threshold. We've actually lowered the rate they pay. Those are significant—and again, the biggest in terms of a tax change for small business that will help not only what they pay in tax but how they pay is that streamlining that paper burden, eliminating that paper burden, is the implementation of a single sales tax.

So I think that both of us agree that we need to decrease taxes for small business and we need to simplify their lives in how they interact with government. I fully expect that you would be supportive of this when it comes to a vote in the House.

Mr. Peter Shurman: We agree on simplification; I'm not sure we agree on how to get there.

What I want to know, and let's be specific here, is: Do you have any economic impact studies that would suggest that a policy like the one we're putting forward would not stimulate business growth?

Hon. Sandra Pupatello: I can tell you that a number of the elements of the small business plan that your party did adopt are things that are outside the realm of the estimates committee for the small business department. They deal with the Ministry of Labour etc., so we wouldn't have access to the data that—

Mr. Peter Shurman: Minister, do you have an impact study, because I've got to believe that somewhere—

Hon. Sandra Pupatello: An impact study for what, now?

Mr. Peter Shurman: On what the impact would be—

Hon. Sandra Pupatello: Of the HST.

Mr. Peter Shurman: —on the implementation of a policy—not the HST; a policy like what we're suggesting, where you look at a tax holiday, because the people around you, and an awful lot more behind them, do nothing but this kind of work. That's what they're there for, regardless of who's in charge of the government of the day.

I want to know if you have studies that say, "We've looked at this as an avenue that we could possibly explore: giving a tax holiday to businesses. We've seen these kinds of programs before under various governments. Have you an impact study that says that this is not a good idea?"

Hon. Sandra Pupatello: Just so I'm understanding clearly, you're looking for an impact study that we would have done on your proposed policy?

Mr. Peter Shurman: Not on our proposal, but that proposal—a tax holiday at a certain level for new hires. It has been done before. It is, from our perspective, a policy for the times, but it's not something that's brand new.

Hon. Sandra Pupatello: I just want to clarify. You proposed that as a policy for your party, but you don't have an impact study for it?

Mr. Peter Shurman: No, no. We're not questioning me; we're questioning you. Do you have an impact study that says our plan is not right?

Hon. Sandra Pupatello: I can tell you that we wouldn't do an impact study for everything that ever gets proposed by others outside of the government. We take great ideas from people on many occasions, and I can tell you that—

Mr. Peter Shurman: I'm just trying to find out, Minister—

The Chair (Mr. Garfield Dunlop): Mr. Shurman, we've reached our five and a half minutes. I think it's time that we recessed and went down to the House to vote.

We will see everyone here this afternoon after routine proceedings. Thank you very much.

The committee recessed from 1006 to 1615.

The Chair (Mr. Garfield Dunlop): We'll call the meeting back to order. I see petitions are over. I'm sorry about the delays.

When we left off, the official opposition had about 15 minutes remaining in their time. Mr. Shurman, please feel free to go ahead.

Mr. Peter Shurman: Thank you, Chair. At the time we left off this morning, we were having a discussion about the PC caucus's small business job plan, and a little bit of a debate, I guess, Minister, on whether or not you had an impact study that suggested that this wasn't a good idea. I don't think this is a particularly Conservative idea; I think that it's just a good idea. You've got the high-priced help that can do these studies—well, you do, and I don't—and I'd like to know whether you have considered the concept of a tax holiday for a year to put people to work in small business, because frankly, and I'd appreciate your comments on this as well, with the number of small businesses operating in the province of Ontario now, which we went through this morning—it's hundreds of thousands—if, through any policy, this or any other, you could hire one additional worker in each of those businesses on average, you'd eliminate unemployment. So what's wrong with the idea?

Hon. Sandra Pupatello: I think there are lots of good ideas to encourage small business to, in fact, hire people. A significant idea, one that has been roundly supported by a number of small business organizations, is decreasing the corporate tax rate, for example. From this morning's conversation, we spoke about how competitive the corporate tax rate has become for Ontario, and I did promise that I would bring you a chart this afternoon, which you have in front of you there, that makes some comparisons between our jurisdiction and our competitive jurisdictions, as well as a chart on, just in the manufacturing sector, how well Ontario's tax rates compare.

We're very competitive. We have initiated a 10-year holiday on provincial corporate tax for a company that takes a great idea and commercializes it. That's a significant announcement and one that I think you would applaud, because you are clearly a supporter of small business and of anything that's going to help small business get out there and be in the world and do business in the world.

I guess my only—

Mr. Peter Shurman: Let me stop you, Minister, because we're going further afield. I asked you about a specific idea, a tax holiday on payroll taxes for a one-year period to get these small businesses—a major part of the economy; we've agreed on that—going again now. What's wrong with that idea right now? Because I've got to tell you, when you start talking in the terms that you've just used—and there may be nothing wrong with what you said; it's all factual—the eyes of the average small business person, and that's my background, glaze over when you talk about corporate tax rates and a per cent here or a per cent there. At the level of a business doing \$1 million, \$2 million, \$3 million or \$5 million, it matters, but it doesn't matter till next year when I pay it,

and who knows how much it's going to be? But right now, I've got a cash flow problem, and my cash flow problem is going to be alleviated if I can hire more labour and not pay the payroll tax that is due every month or every two weeks or however often I account for it. That's what I'm talking about, that's why this idea has been put forward, and that's what I want you to react to.

Hon. Sandra Pupatello: I guess I'm just surprised, because when a party puts forward policy like that, they typically go through the effort of looking at what the economic impact is of the policy, because then the party would also be called upon to suggest what their platform would cost and where they would find the money to do that. I would imagine, then, that if it's part of your PC policy for small business, you would tell us what the cost is, and/or the economic impact of it, because that's the kind of work that parties do when they develop policy.

We have not done that work because, in fact, it was put forward by your party. I can't tell you that there's something wrong with it or something good about it. What I can tell you is that we are always open to accepting good ideas that would go into the mix for consideration every time we have a budget process.

Having a forum like this, when estimates calls on the small business department of economic development and trade, is the perfect opportunity to put forward good ideas. I would tell you that I'm happy to add that one to our list of things that would continually be up for consideration. Is it going to happen? I can't suggest that it is. I don't know what the cost of it is. If you know that—you likely have some of those numbers, because you in fact included it as party policy—tell me what the cost of that is. All of that is something that can go in the mix.

I think you probably have seen that this has been a government that for six years now has tried to respond to small business needs, and that successive budgets have taken steps in the area of tax policy, just like the example that you've given me, and made it easier for businesses to do their job in Ontario.

We have seen a huge economic recession. We all know that's the case. It hasn't just hit Ontario; it has hit globally, and we know that because our small businesses are in the numbers that they are, it actually helped in terms of maintaining more jobs, because small businesses were able to maintain more of those employees as compared to the multinationals here in this province. Thank goodness for that, because Ontario, as you know, suffered more than any jurisdiction.

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We're welcoming great ideas. If you have a great idea, I'd ask you to put it forward. I appreciate that you just have. I'll tell you that I'm happy to put that into the mix as we move forward into our budget deliberations. As you know, that has begun.

Mr. Peter Shurman: Let's move into a subject that you've touched on during the morning and explore it a little further: the HST. You contend and your government contends that the HST is going to be very beneficial for small businesses. I found it, by the way, rather inter-

esting, and I've got to just mention this, that at noon today, apparently, your colleague Minister Wilkinson went up to Barrie to speak to—I don't know if it was the chamber of commerce, but a business group up there, and there was a cost for lunch, apparently \$45 plus GST. His message was what his message has been, which is that things won't cost any more when there's an HST. I'm just wondering, if he goes up to speak to them post-introduction next year it will be \$45 plus HST, which would negate what he said, wouldn't it?

Hon. Sandra Pupatello: It wouldn't, actually, because, in fact, if you talk about a business like that, you're going to look at all of the input costs that that business has to deliver that lunch to my colleague and all of those guests at lunch today. All of those input costs for him to do business and serve that lunch have decreased by 8%. That's the beauty of the HST. It actually simplifies the business tax structure for people to do business.

And I get that there's a public out there that looks at themselves as consumers only, but what we know is that this is a changing environment. It is a whole world out there that has become much more competitive than we've ever faced. We do not have a dollar that is 35 cents lower than our American counterpart. That's 35 cents that they need to gain somewhere in terms of productivity, and we have to find a way to do that.

Ontario companies have lagged behind their American counterparts on the score of productivity. I can't tell you all of the reasons why, but one reason that we know, because we've studied it and we've read studies of why that's the case, is that they have not adopted new technologies as quickly as their southern counterparts. So just at the time that they need to be more productive, more competitive, because they're losing that benefit that they have always had easily, just because of the dollar—they need to be more productive, and we've got to find ways to encourage them to do that.

So when you heard that we announced that Yves Landry Foundation fund for \$25 million, that Canadian manufacturers got \$25 million, specifically it was put forward for small businesses, and it was specifically put forward for projects where we would fund a 50% grant for their projects that proved that they would improve productivity. It's those kinds of initiatives—

Mr. Peter Shurman: Okay, let me stop you. This is not the HST, Minister.

Hon. Sandra Pupatello: But the whole point of it is, we can only do so many of those. The government will only have so much money like this. What can government do in one fell swoop that will impact all businesses, and in particular small business—and especially our manufacturers, who have the largest level of inputs in order to produce the product that they make? It's changing the tax structure.

When you come from a community like mine, when you've met people who have lost their job and you look at it and say, "What are we supposed to do as a government to fix this?" I have to tell you, you've got to be

in a modern economy, which means a modern tax system. Something that worked in the 1960s is not going to work today when it's a whole big world out there that's crashing down on Ontario, which is more bound by exports than any other jurisdiction in this country.

Mr. Peter Shurman: So you're going to give them an 8% input tax credit that makes them more competitive; that's what you're saying.

Hon. Sandra Pupatello: I'm telling you that our small businesses can be more competitive when we simplify the tax structure.

I get that our small businesses today, with the level of information out today, still can't walk through their balance sheet to say, "Where am I saving the 8%?" But they will. And we've walked through that. We've seen where they won't pay that recurring 8% in their business processes.

Mr. Peter Shurman: I submit to you, Minister, that you're wrong. I'm going to tell you why you're wrong, and you can react to it. Have you been in small business, Minister? Have you owned one?

Hon. Sandra Pupatello: No, but I have many people in my family that have been—

Mr. Peter Shurman: All right.

Hon. Sandra Pupatello:—so all of us have businesses around us.

Mr. Peter Shurman: Fine. I'm not preaching to you. I'm going to give you the benefit of my experience. I was an owner-operator for 15 years. I went through what I like to call the 5 o'clock—a.m.—sweats, because that's what small business owners do every once in a while when they feel threatened. That's the nature of being an entrepreneur. I accepted it at the time. I accept the fact that it's part of my experience now. Frankly, I did well, sometimes with the help of governments and sometimes in spite of them.

But here's my experience: My business was a service business—it wasn't a manufacturing business—so it didn't have huge input costs; it had huge personnel costs. And as you well know, as minister and just as a person living in Ontario, we're moving into a much more service-based economy. So I'll give you a rough look at my balance sheet around the time I sold my business, a business of about \$500,000 a month. There were very small margins in the business that I was in, and high labour costs, about \$350,000 in labour per month, with \$50,000 in profit and \$100,000 in other expenses.

Labour doesn't carry the benefit of an input tax credit at the GST level or, futuristically, in the HST area. So what would happen is, I would go out and I would bill \$500,000 and I would charge out, at the time, 7%, so I'd have to collect \$35,000, take away my input tax credits, which were relatively small, and submit the rest to the federal government. Now you'll move that to 13%. So let's say the same guy is doing the same business at 13%. Thirteen times five is \$65,000 which we'd be collecting in a month, and we would have, again, a very paltry amount of input tax credits.

Now, that business was billing on a net 30 basis, and if we were lucky, we were collecting in 60. I ran a line of credit with the bank that cost me money, interest points, to float that. So I was paying the federal government, and pretty soon I'll be paying the federal government on behalf of Ontario as well—if I'm still in that business—a ton of money that I'm paying for. I'm paying for the use of that money. I'm sometimes not even collecting it. I'm not being reimbursed for that. That's the onus that I would carry and that my counterparts in today's world will carry, and there's no benefit to that 8% input tax credit and there's no benefit to the 5% input tax credit, with the exception of my Xerox machine rental.

Hon. Sandra Pupatello: Actually, I don't think you're correct, and you're not accurate. There's more than just your Xerox machine. Moreover, your consumers—and I don't know what business you were in and I don't know what kind of business you were in—are benefiting by this tax policy change. The simple move to a single sales tax is one part of the greatest tax reform that this province has seen since Upper and Lower Canada joined to make Confederation here. This is the single greatest change that we've had in a century.

Mr. Peter Shurman: Why do you think that?

Hon. Sandra Pupatello: It's because it is also imbedded in this legislation, which you also saw—you will also see a reduction for 93% of our taxpayers getting an income tax cut. That means they pay less to government overall. That means there's more money returned to them in their pockets for spending.

In addition, in five provinces that have already gone down this road, all of the studies show, because they've been at it for years already, that where they've done the single sales tax, they have in fact seen prices go down. Consumers benefited. We, in addition to just that single sales tax, are able to return money to consumers, putting them in a position to buy more as consumers. So not only do they pay just once, but as a businessman you only make your submission once: one set of papers to one level of government.

And, yes, there are differences in how this is going to be impacting. It's not the same for everyone—

Mr. Peter Shurman: Minister, I only submitted one set of papers to one level of government before.

Hon. Sandra Pupatello: Well, you'll just have to let me finish. I'm just suggesting to you that the best predictor of the future is looking at the past, and I think you'd probably agree with that. When we look at what's happened historically, when our colleague provinces have moved in this regard, they have not seen price increases and they have not seen the kind of sky-is-falling reaction that we hear from opposition members. I'm suggesting to you that 20% of our GDP is based on manufacturing, and they likely will be the largest beneficiaries of this kind of policy. It matters that our manufacturers do well, because that means our IT sector does well, and so do our financial services and all the other sectors in Ontario when we're strong generally.

And, yes, we need to be stronger right now. We have got a tsunami of an economic recession that we're facing.

"Stand by. Do whatever we've been doing," is not good enough for our businesses. It calls on us to do something remarkably different that is focused on making our business more competitive. I will go home and tell that to my folks in Windsor, who are at the epicentre of this recession, because those people, by those studies that have been tabled already, will see 600,000 new jobs over time. That means something to the people where I live, and that's why I am totally behind this policy. I'll tell you that in five years, you and I are going to chat again, and I'm going to ask you, has the sky fallen?

Did prices go down? Did people in fact see an income tax decrease? The answer is going to be yes, that what we said is in fact happening.

Mr. Peter Shurman: I think in five years—

The Vice-Chair (Mr. Robert Bailey): Thirty seconds.

Mr. Peter Shurman: In five years, you and I are going to chat again, Minister, and we're going to look at each other and we're going to say, "You know what? We governed, you governed, stuff happens, and I guess we were wrong," because you're not going to create 600,000 new jobs, and you and I both know it. But we'll continue the conversation shortly.

The Vice-Chair (Mr. Robert Bailey): Thank you. Ten seconds to go.

Mr. Hampton, sir.

Mr. Howard Hampton: I have some questions about some particular sectors.

In my part of the province, the tourism industry is very important. You get a lot of Americans in particular who will come for a week of hunting or a week of fishing, and typically they'll pay, if they drive up, \$1,000 per person per stay. If they take one of the more exclusive fly-in places, they can actually get up to \$5,000 per person per stay, so per person per week.

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When I talk with tourist operators in my part of the world, they all say the HST is going to be a problem because it's going to be 8% added on. Are they wrong?

Hon. Sandra Pupatello: I can't tell you the specifics per sector, and I think that we're going to reserve some of these questions and have someone from the finance ministry—because I know that this is the small business department of the Ministry of Economic Development and Trade, so in terms of numbers, in terms of specifics, I can certainly speak at a high level. But I think what you're looking for is some much more detailed information that I'd be happy to go and get and make sure that we offer to you.

Mr. Howard Hampton: Let's just assume for a minute that these small business people know what they're talking about. They've been in the business for a while. Their concern is this: If it's just one of the places where you drive into the tourist resort at \$1,000 per person per week, adding on an extra 8% is \$1,080. And if you're one of the fly-in places, where you actually get a private lake at \$5,000 per person per week—let's add on 8%—that now becomes \$5,400.

They say, "Look, you only have to go 90 kilometres west and we're competing with Manitoba tourist operators who will not be charging the 8%. Or you only have to go 20, 30, maybe 80 kilometres south and you're dealing with tourist operators in northern Minnesota who will not be charging the 8%." The question they're asking me is—you're the minister of small business, and I'd like to know the answer—how are they going to compete with tourist operators in Manitoba or Minnesota who are not going to be charging this extra 8%, which in some cases will be \$400 a week and in other cases maybe \$100? How are they supposed to compete?

Hon. Sandra Pupatello: Again, I think the detail per sector is something that's either going to be answered by the Ministry of Tourism, which deals with this, or the Ministry of Finance on specifics. But I will tell you that outfitters today right across this country are facing a real dilemma, and a serious season that hasn't gone well, and the lion's share of the issue is around the dollar value. Most of these outfitters are American, and they're not coming in the numbers they have been because our dollar has been so much stronger against the American dollar, and that is a significant issue for them. Because so many of them travel—they don't all fly—fuel costs have added to people staying closer to home as well.

But again, we have to look at what has happened in the past. The Atlantic provinces and Quebec have been at a harmonized sales tax for many years already. A significant portion of their industry, in particular tourism, is related to outfitting. They have not seen the kind of drama unfold that you are suggesting. I am not going to suggest for a minute that these folks in northern or northwestern Ontario aren't worried; they are all worried. They are worried because they are having a tough season now, and they are concerned that they need to understand the kinds of changes that are being brought about.

But I will say that those in the outfitting business know—in Atlantic Canada they have not seen the kind of effect that you're describing, nor in Quebec, and they have been with a harmonized sales tax for some time.

Mr. Howard Hampton: But they're not immediately next door to jurisdictions that offer the identical service for a lower price.

Hon. Sandra Pupatello: Quebec is right beside Ontario, so it would have been the same argument, and in fact that's not what happened.

Mr. Howard Hampton: You don't find that kind of tourist industry and that kind of concentration of tourism in northeastern Ontario that you find in the northwest. You don't find a million people coming across the border between May and September for the sole purpose of going hunting and fishing, and that's what it is.

Let me ask you another question. Can you tell me how the HST will apply to the volunteer sector?

Hon. Sandra Pupatello: No. If you could table the question for me, though, I'll make sure we get it for you from our Ministry of Finance, who have that detail.

Mr. Howard Hampton: Let me just assume again that these folks know what they're talking about. I

received an e-mail today from St. John Ambulance in Kenora. St. John Ambulance in Kenora does fundraising. They go out there in the community and they work very hard to get the community to contribute money. They get some money centrally from St. John Ambulance. But their budget for a year is about \$50,000, and they've been told by their accounting people that they'd better add another \$4,000 into their budget this year to cover the HST. So in a place where there is very high unemployment, where many people have taken wage cuts and are actually earning less, they're looking at having to go back to the community and asking, "Can we fundraise another \$4,000?" and telling people, "This is just to cover the cost of the HST." How successful do you think they're going to be?

Hon. Sandra Pupatello: I think these questions have been put to the Minister of Revenue in the House in the past. I don't have their detail today. But I will tell you that he has managed to get information to the non-profit sector about the level of tax credit that is available to charities, and we'll be certain that St. John's in Kenora gets access to that same information. Perhaps, based on your question, we should see that that information goes out to the accounting sector as well.

Mr. Howard Hampton: But I don't know how they're going to get a tax credit. They don't pay taxes. It's a charitable, not-for-profit organization. If they don't pay taxes, how do they get a tax credit?

Hon. Sandra Pupatello: It's actually a rebate as opposed to a tax credit; excuse me. So with their submissions, they'll be able to recoup it.

I'll tell you that as the Minister of Economic Development and Trade, and today talking for the small business department of that ministry, I would not have the specifics about rebates for the non-profit sector, but I'll be very happy to provide that for you.

Mr. Howard Hampton: The other folks who have raised some serious questions—a number of the communities in my constituency border on Manitoba. Winnipeg is easy access. On average, I'm told, they said to figure on \$10,000 for funeral costs, and they've been told that \$10,000 will become \$10,800—another \$800 tacked on. Many people may reside in a community like Kenora or Rainy River but they have family in places like Steinbach, Manitoba. I had one funeral director say to me, "I think we're going to have an exodus of people who say, 'Look, you know, I'll take my deceased mom to Winnipeg or I'll take her to Steinbach and have the funeral services performed there.'" Now, I don't know about the legal ramifications of that. Maybe you can tell me.

Hon. Sandra Pupatello: Again, I'm happy to get information from the appropriate ministry for you.

Mr. Howard Hampton: But their concern is that another \$800 is simply something that people will not pay. People will go elsewhere to access the service.

I have another question. Again, I don't know how to answer all of these. It would be nice if somebody in the government could answer them.

Because the winter is very long, a lot of people in my part of the province, especially people who have paid off their mortgage and have accumulated a little bit of savings, try to spend a week or two weeks in Mexico or Cuba or someplace where it's warmer, especially in January and February. I'm told that, on average, it will cost about \$1,000 a person for a week, and on average about \$2,000 a person for two weeks.

I'm told that the HST is going to apply to this service: the booking of the ticket and the whole deal. This is a service that will be taxed by HST. I don't know. Do you know?

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Hon. Sandra Pupatello: I think there will be services where it certainly will apply. I will be very intent on getting you a complete listing of that. There is one available now. There's a website up and running that people can see—I'll get you the address for it as well—so that we can be as clear as we can be with the public.

Let me just go back and say again: Any of the businesses which have to take in items in order to produce their service or their good will have reductions in what they pay.

What's important to note is that this is not the first province that has gone down this road. It in fact will be the sixth, followed closely by the seventh. There are 27 countries in Europe—never mind the states or the provinces within each of those countries, but 27 countries entirely that have moved to a single sales tax.

Yes, it's a different form of taxation; it's a different way to apply it. None of us likes to change things. But the world we are living in now, with the kind of economic recession that we face, compels us to do it differently.

We have got to get our system modernized. We have to make it so that we don't have businesses paying repeated tax as they get on their way to delivering that service or product. We've got to take that out of it for them, which reduces their costs. That gives them the perfect opportunity to lower their prices. It makes them more competitive when they do that.

We know that if we're the sixth province getting in this game, it means that with the five that have gone before us, we have an opportunity to look and say, "What happened when they did it?" And realistically, they found a very good outcome. They did not see a rising of prices, like some in opposition have claimed would happen. In fact, they have seen some price reductions. That's our reality. We can only go by what we have seen, what has already happened—and not in some far-flung country but right here in our own country.

We're the sixth. It's not as if we're breaking new ground here. We are simply modernizing a tax structure, and it's one that we're compelled to do. Ontario has to be more competitive, all the way along. If we can help with tax structures changing and being modernized, then we have to go this route.

Mr. Howard Hampton: Chair, I've heard enough. This isn't answering my question.

The Vice-Chair (Mr. Robert Bailey): Okay.

Mr. Howard Hampton: What these people would like to know is—here is what they're faced with. There are a number of people who operate travel services and they're quite concerned that people will simply access the travel service in Winnipeg, Manitoba, and save a couple of hundred dollars on each vacation. They'd like to know: How do they compete?

Hon. Sandra Pupatello: I do appreciate the specifics, but the reality, if I might, is that the questions that are put to this committee are in fact for the small business division of economic development and trade, and these questions are pertaining to the Ministry of Revenue and the Ministry of Finance.

I'm happy to make my best effort, but when I can't give the detail, then I think it's fair that I would be able to table as much information as I can get for the member.

The Vice-Chair (Mr. Robert Bailey): Point well taken, Madam Minister.

Hon. Sandra Pupatello: Thank you.

The Vice-Chair (Mr. Robert Bailey): Mr. Hampton, if you can move on to a different—

Mr. Howard Hampton: No, I'm not going to move on.

The Vice-Chair (Mr. Robert Bailey): Okay, well—

Mr. Howard Hampton: These are the questions. I'm sorry, Chair. These are the questions that small businesses are asking. Frankly, they don't give a damn what the tax structure is in Switzerland. They want to know how they're going to compete with somebody who is 30 kilometres away or 60 kilometres away—

Mr. Bob Delaney: Chair, on a point of order.

Mr. Howard Hampton: —who can offer the same service for \$200 or \$300 or \$400 less.

The Vice-Chair (Mr. Robert Bailey): Order, Mr. Hampton.

Mr. Howard Hampton: I'm appalled that the minister can't answer the questions.

Hon. Sandra Pupatello: I will tell you, Chair, that in this regard, when we're talking about business competitiveness in this province, this move will put us ahead of our neighbouring provinces that are not moving to a harmonized sales tax. It will put us ahead of the game in competitiveness. This is what we know has been the case where it has already been adopted.

We also know that our world has gotten a lot bigger than just our neighbouring jurisdictions. It's not just about the Great Lakes states anymore. It's not just about the provinces that are next door to us. It's about the whole world. Our province needs to be on the leading edge, including how we modernize our tax structure while we are able to extract a cost from their cost of doing business and producing that service or that product. It's important in this day and age especially.

Frankly, every government should have done it. Every single finance minister, after leaving the chair—including Finance Minister Laughren, who sat in the NDP government—said that he wished he had done it. But it's fine to say that when you're gone, because it's easy to do

nothing and it's harder to actually do it. And it's about time.

When you are in a community that's facing job losses like we are, when we know that we've got to make big, bold moves to be competitive, because it actually matters right now whether people are going to get jobs or not get jobs, yes, we'd better have the nerve to do it.

I'll tell you that even five years from now, when we look back and see how this has fared, I'll go to these same members who are complaining today and say, "Was it worth it to finally come into the modern age and be competitive?" You're damn right it's worth it.

The Vice-Chair (Mr. Robert Bailey): Madam Minister, we've got a point of order. Mr. Delaney.

Mr. Bob Delaney: Yes, Chair, with regard to the points raised by the member for Kenora-Rainy River, I might draw his attention to the transcripts in Hansard from this committee—I believe it was July 31—when the Minister of Finance was before the committee for an entire day, and the points being raised by the member for Kenora-Rainy River were by and large raised by the members of all three parties during the discussion with the Minister of Finance. If I may, I'd refer him to the Hansard transcripts of that day, where he will find most of the answers to the points that he has been raising with this minister. It would be arguable that those questions are indeed out of scope for this particular ministry.

The Vice-Chair (Mr. Robert Bailey): Thank you. Point taken.

You've got five minutes left, Mr. Hampton.

Mr. Howard Hampton: Point of order, Mr. Chair: I would hope that the minister responsible for small business might know how this tax is going to affect small businesses across Ontario.

Hon. Sandra Papatello: I think I've made it pretty clear what my views are regarding a harmonized single sales tax—and it is good for business. That's why I find it surprising that this member doesn't want to acknowledge that the Ontario Chamber of Commerce, which represents tens and scores of chambers across Ontario, for three years running had this item as their number one request of government: "Please move to a modern tax system for business." This is what they want. They've done their reports. We've done our reports. In fact, we've got a series of them that have been tabled, and what they've said, all of these—now, I'm not a tax specialist. I don't know if there are any around this committee table. But if they're not tax specialists, then it compels us to go and ask them, "What do we think the effects will be?" So we did. It isn't just the C.D. Howe Institute, which some might say is a little more right wing, but even what would be considered left-wing organizations and economists have suggested we have to do this. Poverty groups have said, "Thank goodness you're moving in this direction." In addition, all of our bank economists have suggested we have to do this, and all of them have said to the government, "Thank goodness someone's got the nerve to actually move forward."

You don't think we're doing this to be popular. You don't think we're doing this for the good of our health.

We actually have to do it because it's good policy, and I find it surprising that every single finance minister who used to be a finance minister of this province wished that they had done it when they were the minister, but none of them had the nerve to do it. None of them would take it on. We should have been ahead of those other five provinces that already moved in this direction.

When we tabled this several months ago, BC, within a couple of weeks, held a press conference and said, "We're doing it too," and the finance minister from BC was quoted as saying, "We're not letting Ontario get ahead of us on this." Because we compete with BC. There are sectors in BC that we compete outright for in business, whether that's LA companies that we're trying to land in Ontario instead of BC. That means every single opportunity for us to be more tax competitive actually matters. And I'll tell you what: We're winning on some of those fights and we are snagging them from LA and we're going to continue to do that. But when we show people that we actually have a modern tax system, that in Ontario you make one submission, you do it once, and by moving to a single sales tax submission, we're saving businesses—small businesses, largely—over half a billion dollars. That's not our number; that's the Ontario Chamber of Commerce's number, telling us that that's a fact. But when you make stuff—and we make stuff in Ontario, really good stuff—they save money and they are instantly more competitive.

In this world, we need to be competitive. That's what this is about. It's about what our economy needs, and it's about leadership to do the things that are tough. That's what this government is doing.

The Vice-Chair (Mr. Robert Bailey): There's a little less than two minutes left, Mr. Hampton.

Mr. Howard Hampton: Again, these are small businesses that have very simple questions. How do they stay in business when, for example, they're going to have to charge an extra \$400 for a week's stay at a tourist resort compared to the same tourist resort that's only 70 or 80 kilometres away in Manitoba or 30 kilometres away in northern Minnesota? I don't think I've heard an answer today.

The minister refers to some studies, but 57% of the businesses polled by the Canadian Federation of Independent Business said that there were no beneficial aspects of the single sales tax for their business, and only 2% of the businesses polled said it would provide an advantage over competitors in other provinces. That doesn't seem to square with what the government is saying.

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Now, the Canadian Federation of Independent Business, no matter what you may think of them, do a good job of polling their members. They do a very good job of asking their member small businesses, "What do you think? What is your concern? What are you worried about?" And I find it interesting that only 2% of those businesses polled said they saw any advantage in this tax, and 57% of the businesses polled said they saw no beneficial aspects.

Hon. Sandra Pupatello: I think it's reasonable that businesses do have to learn about how all of this will in fact impact them. That's why it's important that, at the same time, we speak to reports like the TD Bank special report on the price impacts of harmonization, so that they can see how it was done in other places, what the long-term impact has been, how businesses reacted when it was actually implemented, because it hasn't happened in Ontario yet. So, in fairness, we have our work to do to make sure businesses see how they'll benefit.

What I know is that consumers benefit because it comes part and parcel with 93% of income tax payers receiving a tax cut and in addition, in that first year, in three instalments, receiving \$1,000 to assist them in that transition; and small businesses receiving \$400 million in transitional costs to help them get to this new system.

We are very mindful that change is going to be difficult, and we're going to try every measure that we can to make it as easy as we can for them. Thank you, Chair.

The Vice-Chair (Mr. Robert Bailey): Thank you, Madam Minister. The time is up, and we move to the government.

Mr. Jim Brownell: It's great to see you here, Minister. I can say that I am not going to be talking doom and gloom today.

I would like to reflect a little bit, first of all, before I ask the question, on some success in small business that I've seen in my riding. It reflects, too, in a senior from my community, my hometown, who hadn't been in to the city of Cornwall in seven months. She met me the other day and she said, "I can't believe the transformation that's going on in the community," when she saw a new Shoppers Drug Mart store being built—it's an expansion, to provide more service—and a brand new Pizza Hut being built just across the street from the Shoppers Drug Mart store.

When I think of small businesses and success—just yesterday I received an invite to cut the ribbon on November 24 at 10 a.m. for Blues Bakery in Morrisburg, one of our little rural communities in Dundas county.

I look at Ross Video. You want to talk about success? Ross Video in Iroquois, Ontario, were the recipients of some help through the eastern Ontario development fund, but they have gone a number of steps further in that business, to showcase themselves on the world stage. They're a soundboard and electronics firm. Their technology is spreading all over this world. This is really what my question is all about. It reflects on high-performing businesses, and businesses that, because of employment increases, can consider themselves as high-performing.

I believe the information is right here, that the latest available data from Stats Canada indicate that 5% of firms in Ontario are high-performing, and that's based on employment. If you take that 5% and look at all the businesses, that translates into about 13,000 firms and businesses here in Ontario that would be classified as high-performing. I can say that Ross Video would be one.

Seaway Yarns in Cornwall is another company that has received support and help from our government. But

once again, they tapped into the niche markets and they're doing all kinds of things, even to dental floss. I didn't even realize that they were making dental floss until I toured the company. I knew that they were doing a lot of other things, but it was beyond my belief that upstairs in the building, they were preparing and coating dental floss.

These businesses—take, for example, Ross Video—will become the next RIM. We know that Research in Motion has made a name for themselves with the BlackBerry that we all carry and whatnot, but these companies are going to be providing us and our province with those high-paying jobs.

I can say that this little company—actually, it's not little anymore; it's getting on the world stage and expanding—is a job force. They're good, stable, high-paying jobs. That's what we're doing as a province—working very hard to create those jobs—and I commend your ministry for the efforts that you're making in that.

But I would really like to ask you, Minister, how these high-performing businesses and firms, and those that wish to get there on that stage, are succeeding and performing as they move into that success. That's my question.

Hon. Sandra Pupatello: Well, I appreciate hearing it. There are so many good stories in Ontario. There are so many great companies that are international in scope, and I would love the opportunity to just start rhyming off examples of excellence that we have in our backyard. Maybe it's because we're so Canadian that we don't brag about it, but frankly, we need to start telling our stories.

We hear about where they're making dental floss, and you hardly could believe that you've got them making it right in your own backyard, and they're probably exporting it to the world, simply because there are only 13.5 million people in Ontario. We make such great stuff and we make so much stuff that we have to export. We've got to get at those markets all over the place.

This summer, our ministry moved from what was domestic industry in its own ministry, as economic development—international trade and investment was yet another ministry, and small business. When we brought these three together, the beauty is that the simplicity within our ministry to be able to respond to different sized businesses, and offer more service to our businesses because we are integrated, is going to be a great story for those same high-performing companies that you're speaking about.

For example, when we have companies—I've got one in my backyard; actually, it's in Bruce Crozier's riding in Leamington. They make clips for tomato plants. They're from the greenhouse industry. This gadget that—they bought this great machine. This machine—

Mr. Bob Delaney: I have those. They're great.

Hon. Sandra Pupatello: They are. They're called—

Mr. Bob Delaney: We use them in our garden.

Hon. Sandra Pupatello: —KlipKit.

Mr. Bob Delaney: They're great.

Hon. Sandra Papatello: They're made in Essex county. You see that? And they're totally biodegradable—I don't know if you knew that as well—so they're a sustainable product, it's great for the environment, and they make them there.

Right now, they use them in Essex county, but they don't sell them in any of our chains. They sell them in South America. The way they got into South America was the migrant workers who come in to work for the greenhouse industry, who were so used to using these things, would go home after the season and talk about them. Consequently, everybody who's growing tomatoes in South America is now using these KlipKits made by Ester Mastronardi in Essex county. It's a great story. What else should she be doing?

So when we start talking to her, we say, "Look, where else around the world are there greenhouse industries? Where else do you have massive, rural agriculture products that could use this kind of thing? Then start looking at our map. Come to our website, ontario.ca/economy"—Deputy, is that the right address?—"and come in and look."

We've got 10 offices around the world. We're in markets like Europe. We've got an office in Munich, in London and in Paris. Paris is the last office that we've opened there. We're in emerging economies as well, like Shanghai, Beijing, New Delhi. We now have staff in Mumbai. We're in America. We're in LA and in New York. And we're also in Mexico City. Our exports to Mexico City over the last three years alone have grown by 250%, and that's a tremendous statistic. So we are very active on the world stage, but we could do more.

We've got to help our small businesses get out there and export to places they never dreamed of. Number one, it's easier than it ever was. We're there to help take a lot of time and cost out of discovering where your market is, making you access easily the kind of network—business association, potential partner, potential customer—in these markets that you perhaps have never travelled to. That's the kind of thing that we want to offer to our companies who really are those high performers and who are saying, "I can get out there." We want to help you do that.

We have 26 offices—

Mr. Keith West: Twenty six advisers.

Hon. Sandra Papatello: Twenty six advisers in 12 larger offices from our small business department, but 56 offices—

Mr. Keith West: It's 26 six enterprise centres.

Hon. Sandra Papatello: Twenty six enterprise centres—that's right—where we mix it up with the local municipality and offer great services to those business people.

So there's one in your backyard where we have staff, who know the businesses in that community, know the kinds of services that they can provide, to say, "What else can we do so you can grow your business?"

Most people in economic development will tell you that new investment is terrific and we need to look for it,

but retaining and growing the business we have is equally as important. And finding new markets for our products is a great way to increase sales—therefore you increase business and have to hire more people. It's just an all-around great Ontario story.

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Mr. Jim Brownell: I just hope that Ross Video is in that statistic that you mentioned about Mexico City, because the day that we were there to announce some funding through the eastern Ontario development fund, they were just packing all the sound boards for a stadium down in Mexico City.

Hon. Sandra Papatello: That's great. Well, they're probably in our data as well, and in fact, next week we're going to be leading another business mission to Mexico. We're going to three cities in four days or something. That one is targeted to the tool, die and mould sector. Of course, as you know, Ontario is the king in tool, die and mould. We're taking that around the world, to those markets where there is a growing automotive sector, and Mexico is certainly one of them.

If any of those businesses in your neck of the woods haven't contacted our small business advisors, they really should, because there will always be something more. We tell them, "Go to the website. You'll save money or you'll save time, guaranteed." So we appreciate that.

Mr. Jim Brownell: Very good. Thank you.

The Chair (Mr. Garfield Dunlop): Mr. Craitor?

Mr. Kim Craitor: Minister, I spent 10 years, prior to being a provincial member of Parliament, as a member of city council in Niagara Falls, and I was fortunate enough to be on the chamber of commerce for 10 years. I was probably the longest-serving city councillor on that chamber. One of the things that I learned in those 10 years is that the heart and soul of every community are small and medium-sized businesses. I still, as an MPP, make a point when I'm back in the riding to pop by—to either sometimes phone and make an appointment or just drop by—and see some of the business people, just to see how they're doing and how things are moving along.

So my question is pretty straightforward: Given the current global economic challenges, what is the Ministry of Economic Development and Trade doing to help many of the small and medium-sized enterprises or businesses?

Hon. Sandra Papatello: For businesses generically or in any particular sector in general—

Mr. Kim Craitor: Yes, just some of the programs that we have in place to help them.

Hon. Sandra Papatello: Okay. Well, we have a number. In fact, most of our programming across the entire ministry is geared toward small and medium-sized businesses. There have been limited numbers of programs where large businesses or multinationals have participated.

One that's been very successful is the advanced manufacturing investment strategy. That is a loan program that has been focused, obviously, on manufacturing, and manufacturing of an innovative nature—when they're

bringing new technologies to Ontario, that sort of thing. We've had really good take-up and great examples.

Someone mentioned Karma Candy earlier this morning at committee, and it's a great Ontario story of a contract candy manufacturer. He makes candy and chocolate, and he's in Hamilton. Depending on what he's making that day, it will affect the kinds of smells that emanate from the factory, right into the whole neighbourhood, so they know when they're making a peanut butter kind of candy because you can smell it. It must be a great neighbourhood to live in.

They're doing a great business. They have contracts with major retailers in Canada and the US, all from that one spot in an old industrial part of Hamilton, which, in my view, is just reviving because of what Karma Candy is bringing to that neighbourhood. That's a great story, and we were able to help them take it to that next level where they were hiring more people. In this day and age, where you have investors, business people who are prepared to put money on the table—when we're in for 30%, that means others are in for 70%. I think that's significant.

We had a couple of programs this year that we were particularly trying to outreach to our small businesses that are in manufacturing through the Canadian Manufacturers' Association and the Yves Landry Foundation. They're specifically geared at increasing levels of productivity. The beauty of this story is that \$50 million—\$25 million each to those two organizations—went to tens of companies in a grant form to cover 50% of the cost of the projects that they developed. And it was just our \$50 million that we spent, but in this year, in these past 12 months, which have probably been the hardest of their careers, we found all of those companies prepared to spend \$50 million as well because it was a grant that they had to match. So they did, because they believe in their businesses.

We also knew, working with these organizations, that that money was geared towards increasing levels of productivity. They were going to make more with less, go further with what they were doing. In fact, those are some great success stories.

In my own backyard—it's right on the boundary line, practically—is Dainty Foods. Dainty Foods has had an increase of about 10% in their work out of that facility over the course of the last two years. Unthinkable, one might say, given the cost of the dollar now against our US counterpart and with all that's happening, and yet they're increasing their businesses. They received one of these grants to bring more productivity to that plant facility so that they could do even more. That's a great story. Even this year, when things have been the toughest ever, we're seeing that kind of thing.

We have a bakery on Erie Street in Little Italy around my old neighbourhood where I grew up that's, again, bringing in the kind of manufacturing equipment to up their level of productivity, to help their freezer space so that they can make more and keep more to sell more. It's a great story, and we were able to help this small business

that has probably been in business for over 30 or 40 years. I remember going there as a kid, and when you understand just how far-flung those buns and loaves are, that's a great Ontario story. So we have a number of those kinds of facilities.

Even if it's not a program that's about money, what I find the best part about the small business division is the service that the staff people in those local communities give, because they're the ones who meet businesses all the time. They have great ideas and they make great contacts for people who call them. They ask, "How can I improve my business?" and our folks have the kind of expertise to say, "Let's look at your energy bill. Is there a way that we can bring an expert in here to run an energy audit? Let's see how we can do that. Let's see if there's a program to help pay for that audit. Once that audit's done, let's see what programs we've got to help you with the cost of making those adjustments on the plant floor."

We were at the Ontario Chamber of Commerce just the other day when they held their economic summit in Niagara. They brought a company in from a sector that is a very high energy user, but that, just by going through this process of an audit and looking at their energy costs, reduced its energy cost by 65%. That's a fabulous story. This guy did it with no government help; he took all of his own initiative. But for people who want a little bit of guidance, our guys are just a phone call away. It's great to know that you've got people who can instantly connect you with who you need to speak to about whatever the issues of the day are for your business. That's what I think the best story is about the small business division in this ministry.

Mr. Kim Craitor: Thank you, Minister.

Mr. Phil McNeely: How much time, Chair?

The Chair (Mr. Garfield Dunlop): You've got about four minutes left, Mr. McNeely.

Mr. Phil McNeely: I think it's mine.

Minister, you were in Ottawa on October 2 of this year at the round table for Ottawa's technological sector, and you brought in the leaders of innovation in our community. I thought we had a great two or three hours that morning.

I guess you don't only go to Ottawa; I think in a few weeks you'll be visiting India. I saw the Prime Minister on TV last night; he's in India. He was in India yesterday and he's certainly finally taking steps to promote Canada in India. I think that may be his first trip, but I may be wrong.

We all know that the future of high growth is in the Asian markets, in India and China, and that there's a challenge—probably a challenge that our small businesses are up to in Ontario—to tap into those markets. And we certainly have a lot of new Canadians and not-so-new Canadians who come from both of those countries and will be very helpful to us in that regard.

It's not easy for a small company. I was listening to you talking to somebody who said that they were in business for 15 years. Well, I was in business for 35 years, and I thought you were making good sense earlier, so I just wanted to put that in as well.

In this environment, how is the government helping business succeed in our global markets?

Hon. Sandra Pupatello: Thanks for that. I think that's such a great question from somebody who has business experience, so you recognize how difficult it is. I thought the biggest difficulty was deciding to run for political office, but it may be matched only by the difficulty of making that decision to become your own business, to actually move into entrepreneurship and take that leap and take that risk. It may at least equal that leap into politics and putting it all on the line.

In any event, because you're in business, you recognize that it is tough to break into new markets. It doesn't happen overnight, and depending on where you want to go with your product, you need to start building relationships. New technologies are terrific, but nothing will replace a one-on-one relationship, when you can look them in the eye and figure out whether you like that person and want to do business with them, because in the end, it always comes down to that, right?

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We want to make that easier for people. We want them to discover that they are going to a market where their product has a chance. Our folks actually know that: "Don't bother with this market; they're not ready for you." Let's say you've got a machine that increases the productivity of your workforce by 10 times. What a fabulous machine. That's probably not a good product for India or China or Taiwan or Vietnam or places where labour costs are not really an issue in that environment. You're going to be focused on Europe and on other Western economies where typically the wage rates are higher and they are all looking for increased levels of productivity or decreasing their labour costs. That's going to be your market. So forget emerging economies; this is your focus.

Well, you know what? If someone helped you get to that point quickly, you'd save an awful lot of time in not looking at a lot of places that, frankly, are not going to be interested in your product. So depending on what your product is, our folks know where to guide you, where you should be going.

We were in Ottawa with your crowd the other day, a terrific IT cluster there. We know that there are business people in three significant clusters in the IT area, both in Kitchener-Waterloo and the Ottawa area and certainly in the greater Toronto area. There are other clusters in other parts of the world that our folks can easily do business with. Where are they? Well, we know Los Angeles, New York—we know where those big pods are; we have offices in those places. So who should you be talking to there? We can get our folks to zero in on exactly the kind of business people you should be meeting with. Save yourself some time. "Here are the associations. Here's when they meet." If you're going to take the time to fly to LA, you want to go exactly the days that those groups are meeting so you're going to interact with the people that you want to, saving you time and money. That kind of consultation is invaluable. Better yet, it's free for those businesses—

The Chair (Mr. Garfield Dunlop): Speaking of time, you've come to the end of your 20 minutes a few seconds ago, so we'll—

Hon. Sandra Pupatello: But can I just give a little more info in case people are watching—just one more comment?

The Chair (Mr. Garfield Dunlop): No, you can't. Over to Mr. Shurman now. Maybe later on.

Hon. Sandra Pupatello: I'll get it in on his answer.

Mr. Peter Shurman: I'm sure you will.

The Chair (Mr. Garfield Dunlop): You're pretty good at this.

Mr. Peter Shurman: I've got to tell you, I've got my last 20-minute round here and I'm disappointed. I'm disappointed because I think you believe in small business, and there's no question that you believe in Ontario, just as we all do around the table, but I don't think you know an awful lot about the mindset of small business entrepreneurs, of which several have identified themselves here.

With particular reference to questions that I was posing, and then later my colleague from Kenora—Rainy River, you said, "Businesses have to learn how to deal with all of this." You were talking at the time about the response to the CFIB survey. I think you underestimate how small business people think, how they assimilate information, and why they responded to the survey in the way that they did. They're smart people; they're just like big business people. In fact, if I look at my own experience, I was a big business person who decided to go into small business, as many people do, and I think more and more these days, with what's going on in big business here in Ontario. So I'm concerned about that.

I'm concerned that you cite, when you take the party line on the HST, the experiences of other provinces and other finance ministers who wish that they had implemented it etc. I want to know this: When you sat in the closed confines of the cabinet room, Minister, and you discussed the fact, at some point, that the government was considering a harmonized sales tax, did you ever once take the part of small business people, from their perspective, and argue with your colleagues about what the downside might have been?

Hon. Sandra Pupatello: Well, you know that we couldn't divulge what goes on at cabinet. For sure, I will tell you that as a minister in an economic portfolio for these last three years, it has been a wild ride. Our dollar started rising in 2000. This did not happen to Ontario overnight, and in particular—this is important—in southern Ontario, where the greatest cluster of manufacturing is, we have felt what the impact of a rising dollar has been for a long time. All of a sudden there's a financial crisis around the world, and all of a sudden the rest of the country wakes up to what we in southern Ontario especially have been dealing with for some time. And I'll throw into that mix our forestry sector as well, which exports all over, with a major impact regarding the dollar. So we've been feeling this stress in our businesses for a long time.

You have got to understand that when I am presented with an opportunity where we as a government, in one fell swoop, with significant tax policy changes, can dramatically impact the competitive level of our businesses by decreasing their input costs by 8%, that is valuable to me. In addition, when we know that our marketplace matters, so how our consumers are feeling matters, and they realize that they get a permanent, ongoing, forevermore—unless another government perhaps takes over—tax decrease—

Mr. Peter Shurman: That's the plan.

Hon. Sandra Pupatello:—an income tax decrease in terms of what they will be paying personally, which means more money in their pockets—

Mr. Peter Shurman: That's great in theory, Minister, but you're not—

Hon. Sandra Pupatello:—that whole package is important. It isn't just about the single sales tax, and that's a point that's important, because for businesses it's about what it costs to do business, but it's also about their customer and it's about our economy and it's about how people feel, that even when their job situation hasn't changed, if they feel like there's a problem going on, they won't spend like they ordinarily spend. You and I both know that that's important—

Mr. Peter Shurman: The customer, Minister—come on. Let's get real here for a second.

Hon. Sandra Pupatello: I'm getting real. I've been living this life for three years now.

Mr. Peter Shurman: Mr. Hampton asked you a question about a travel agent situation where somebody could go to Manitoba and buy their ticket instead of buying it here in Ontario. I could go on the Web, arguably, and go to Aruba by buying a ticket from a travel agent in New York and avoid the tax altogether; it comes in a nice envelope. Do you seriously think that you're helping the travel industry here in Ontario by doing this?

That's the point I was trying to make before about service businesses. It's all fine and dandy for you to talk about input tax credits. If there are no or precious few input tax credits, what the hell difference does it make? These people are going to go out of business.

Hon. Sandra Pupatello: The point is that this is not the first province that's done this. There is a major tourism industry in Atlantic Canada and a huge tourism industry in Quebec, and we both know that. The fact of the matter is, they have been at it for years—

Mr. Peter Shurman: We also both know that in Nova Scotia they dropped the tax 3.5% provincially before they introduced—

Hon. Sandra Pupatello: They have been at it for years, and the reality is they have not seen that the sky is falling; they have not seen—

The Chair (Mr. Garfield Dunlop): Okay. Finish up, Minister, and then we'll go back over to Mr. Shurman.

Hon. Sandra Pupatello: Well, I do need to finish my statement, in fairness, Chair. We're not the first ones in. We are not breaking new ground on wild tax policy.

We'll be the sixth out of 10 to be doing this, and when you recognize the bulk of our economy and where it comes from—the telecom industry has been begging to eliminate the PST for years. That matters to the GTA. In your backyard, with the number of people in Thornhill who work for the big, giant telecom industry where Ontario does so well, that industry will flourish because of this tax policy. That's important.

I recognize that not all businesses will have the same effect, because it depends on what their business is. Realistically, we need to have the time to get this information to people, to say, "Here's how it's going to work. Here are the transition costs that we're helping you with. Here are the income tax cuts that you're receiving as well." These businesses that Mr. Hampton referenced, and so did you, are the same ones that are getting a small business income tax decrease. We're removing the small business threshold on at what levels they're paying tax. These are significant. These are the things that neither of the last two governments chose to do but we're in fact doing, all as part of a significant tax reform package to benefit small business in Ontario.

Mr. Peter Shurman: What you illustrate, Minister, is that there is a point at which the lines cross, and you haven't enunciated a plan of the type that you describe now so that anybody, at the individual or the collective level, can grasp the plan and even begin to buy into what you're talking about. The bottom line here is that you reference people in Thornhill who work for big corporations. I can show you a lot of people in Thornhill—

Hon. Sandra Pupatello: Or small. Not just big.

Mr. Peter Shurman: Okay, let's talk about a small one.

Hon. Sandra Pupatello: I said the big cluster from big industry.

Mr. Peter Shurman: That's fine, Minister. Let me talk about a small business person in Thornhill; there are many. I'm thinking of a particular guy who's a roofer. He goes out and he says, "Ms. Pupatello, I'd be happy to change your roof for \$6,000, and if you don't pay me with Visa I'll do it for \$5,000 cash." You don't think, seriously, that that underground economy is going to grow as a result of this? I can guarantee you it will.

Hon. Sandra Pupatello: Again, we are the sixth province to get at this. There are 120 countries in the world that do this. We're not breaking new ground here. We're trying to come into the modern age.

Mr. Peter Shurman: You're doing it at the wrong time, Minister.

Hon. Sandra Pupatello: That same roofer that you just mentioned has a massive cost input to deliver a new roof when he goes about his business, right? Obviously, he does. He will not be paying the provincial tax on everything he brings in in order to deliver that service.

Mr. Peter Shurman: I understand that.

Hon. Sandra Pupatello: In my view, we looked to how it was implemented in other provinces. We did not see the price increases that most of the opposition members are suggesting will happen; they did not hap-

pen. Human nature being what it is, Canadians being who we are, I'm supposing that we're probably going to see the same level of impact as we saw in other provinces, and I think that's really important. But in addition, in Ontario those individuals are getting tax breaks, permanent and ongoing income tax reductions in the amount that they will be paying in income tax. Those small businesses are getting reductions in the taxes that they pay also, in addition to transitional support costs that we are offering to them totalling over \$400 million.

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Mr. Peter Shurman: You continually reference other provinces, and I grant you that other provinces did get into this in the 1990s. We haven't seen any change at any provincial level since I think about 1997.

Having said that, those were different times; things were buoyant. But more importantly, Minister, if you take a look at what happened when other provinces implemented a harmonized tax—and I reference particularly Nova Scotia; I could be wrong but maybe only by a couple of points—Nova Scotia dropped its provincial sales tax component by about 3.5%, concurrent to harmonizing the tax. That being the case, they created a revenue-neutral situation which was truly revenue-neutral, versus what you contend is revenue-neutral by dint of the income tax changes you're introducing, which is patently not so. So don't tell me that in 2009 we're in the same position as when those provinces harmonized in the late 1990s.

Hon. Sandra Pupatello: But to be fair, it's in fact the finance minister of the federal government, Jim Flaherty, who has offered up billions of dollars to the Ontario government and who suggested that we need to do this—and your colleague Stephen Harper. They are offering billions to Ontario because otherwise we as a government would lose that revenue. So just to help us manage, that federal government is bringing those billions into the Ontario government because we otherwise would be losing that revenue.

Just to make the point, not only would it not have been revenue-neutral, the Ontario government would be out billions of dollars, and it's the federal Conservative government that is partnering with us in this endeavour, colleagues—I sat right across the aisle from Jim Flaherty. He was your buddy.

The Chair (Mr. Garfield Dunlop): I think he remembers you.

Hon. Sandra Pupatello: He may well remember me. I don't know. The point is that he wants us to do this. He comes from the greater Toronto region. He understands. There is a tremendous caucus up there, apparently, all from Ontario, in cabinet who are paying Ontario billions of dollars—John Baird, who was in the House with me here before he went to the federal government; Tony Clement, who at that point was representing Brampton, greater Toronto—who clearly recognize the benefit of a single sales tax. These colleagues of yours, Peter, were probably at—

Mr. Peter Shurman: They're not my colleagues.

Hon. Sandra Pupatello: They were probably at your nomination meeting; They were certainly at Garfield Dunlop's. Garfield, our Chair, sat with these same people, who said, "Here, Ontario; here's billions of dollars. You need to do this. It's good for you." And we said, "Realistically, we need to hear from the experts."

Mr. Peter Shurman: I'll bet they begged Premier McGuinty to take it.

Hon. Sandra Pupatello: The point is that certainly Quebec wasn't pleased because they didn't receive the same levels of support, because they did do it much, much earlier on. The reality is that the economy did change since the 1990s, when those provinces did bring in the single sales tax.

If the world is different, it would cost Ontario tremendously, and the federal government stepped up to the plate to partner with us in this initiative, these same Conservative colleagues who sat with us in this House, who said, "This is good. This is what happened in other provinces. We have the data for you." Moreover, economists have done studies that are suggesting there are 591,000 net new jobs within 10 years; increased capital investment of \$47 billion; increased annual incomes of up to 8.8%, or \$29.4 billion—those are Ontario figures now—because there are permanent income tax cuts so people keep more of their money. They have more money to spend.

That's why the poverty activists in Ontario are suggesting we need this. It's not just economists from the big banks on Bay Street. It's those representing people who really need help here. And it's small businesses. The Ontario Chamber of Commerce: I'm not certain, as I attend many, many of these chamber events—the lion's share of the makeup of the membership is small business people. It's the chamber who for years, certainly the three that I've been in the economic portfolio, have asked for this very initiative to be tabled in our budgets.

Mr. Peter Shurman: Okay, we're going to agree to disagree right there. But I will say, Sandra, that the next time you have to look at a job change, you should consider sales. Let's move into the regulatory burden—

Hon. Sandra Pupatello: Just for the record, you and I are both in sales.

Mr. Peter Shurman: Not long ago—

The Chair (Mr. Garfield Dunlop): Next question, Mr. Shurman.

Mr. Peter Shurman: Not long ago I attended a small business networking event here in the GTA, and I met with entrepreneurs who have literally risked everything on the success of their enterprises. I mentioned this morning that I had met with these owners, and they all said absolutely the same thing: If the government would get out of their way, things would improve. I certainly believe that that fits in with my experience, and I suspect that my colleague across the way would say, to some extent, the same thing regardless of who the government of the day was.

We can't really talk about small businesses succeeding in Ontario until we eliminate a very extensive regulatory

burden that your government has put on business. I'd like very particularly to deal for a few moments with and have you discuss the impact of Bill 119. Was the small business ministry, which has been in your purview for the last number of months, ever consulted on the impact of Bill 119?

Hon. Sandra Pupatello: What's Bill 119?

Mr. Peter Shurman: Bill 119 is WSIB.

Hon. Sandra Pupatello: Oh, sorry. The Small Business Agency of Ontario, I believe, was actually created under a Conservative government for the express purpose of its appointees coming from the small business sector who on a regular basis receive government-wide initiatives where they take that, digest that and then give feedback.

The specific agenda: As I wasn't the minister at the time, I'm not sure of the agenda of the committee but I'll certainly endeavour to find out what they would have participated in. I suspect they would have. They have been seriously involved in the whole issue of paper burden etc. as a general topic for this committee for some time, have been especially engaged in our initiative called Open for Business, which is government-wide. So I suspect that they would have had it, but I don't know and I will try to find it for you.

Mr. Peter Shurman: I'd like to know that because this plays to the same line of questioning that I was in 20 minutes ago, which is this intra-ministerial discussion. Maybe it's at the cabinet table, maybe it's ministry to ministry, but the bottom line here is that you can never separate. Just because a bill is tabled by one ministry, that doesn't mean it doesn't impact on another. Obviously, in most cases it does.

So I'm interested in whatever input might have been provided by this ministry, under you or your predecessor, to the Minister of Labour in crafting that bill, because the stakeholder response on that particular bill was huge, very particularly at the small business level.

Hon. Sandra Pupatello: Point taken, and I'll certainly try to find that for you.

Mr. Peter Shurman: Fair enough. Let me go on.

The CFIB—and I realize you're going to get back to me with information, but I want reaction—estimated that the average tax hike on small and medium-sized businesses caused by that bill, just that bill, would be over \$11,000 annually. Has the small business ministry done an impact study or any kind of study—and you have your officials with you—on Bill 119 and its effects on the small business sector?

Hon. Sandra Pupatello: The Ministry of Economic Development and Trade is regularly called upon to comment on anything that affects small business.

Do we have information regarding this bill in particular?

Mr. Keith West: In answer to his question, we didn't do a study on it.

Hon. Sandra Pupatello: Okay. No, there wouldn't have been a study done by our ministry, but there may well have been under the Ministry of Labour, but I'll find

out for you. If there is one, I'll see whether or not it's public. It may well be posted on their website as well.

Mr. Peter Shurman: All right, then, I'll look for that answer. But let me take it one step further: Have you and/or officials in the ministry received input from individual small business people on the impact they have sustained as a result of the implementation of that legislation?

Hon. Sandra Pupatello: No. Actually, when I think back to three years in this ministry, I don't believe that I as an economic development minister have received any correspondence as it relates to the WSIB either. I can appreciate the CFIB's position on this. It is an insurance program undergoing tremendous change over the course of the last—well, since 1995 it underwent tremendous changes, but likely because it's fairly well known that it's a division of the Ministry of Labour, that commentary would have been directed to that ministry.

Mr. Peter Shurman: I recognize that the Minister of Labour introduced the legislation, and I think that you're illustrating my point for me. I'm not looking to put something on the table and create a fuss over it as much as to illuminate what's going on here, because the right arm has to know what the left arm is doing.

If you're representing small business and small business is severely impacted, and it is severely impacted—certainly my stakeholders and constituents alike feed this back to me and did during the debate on that bill—I want to know what it is, if anything, the ministry of small business had to say about this bill during the planning phase, during the debate phase, during the implementation phase, because I can tell you that the feedback is still significant to me.

Hon. Sandra Pupatello: Point taken. Because it did occur before I was minister, I'll see what I can find for you.

Mr. Peter Shurman: Okay. Would you know at this point whether there were even any consultations?

Hon. Sandra Pupatello: There may well have been. Our ministry makes regular commentary on anything that impacts business. Typically, as items move forward, if we're not being consulted and we're aware of it, then we insert ourselves into that process as well.

1730

The Chair (Mr. Garfield Dunlop): A few minutes left.

Mr. Peter Shurman: Okay. This goes to the entire point of regulatory burden. I might note for the record that I am concerned with the answers that will be forthcoming for this. I'll look forward to them. It goes as well for the minister's statements pertaining to HST and the fact that somehow or other she believes there will be a lesser regulatory burden on that. I don't buy that for a minute.

The young entrepreneurs program, very quickly: You claim that over 40% of small businesses started in Ontario each year are by young people between the ages of 25 and 34 and 16% by young people under the age of 25.

Have you done a study of the economic impact to those small businesses?

Hon. Sandra Pupatello: I think there have been sufficient studies on impacts of small business generally that many groups do, but in particular, are you speaking of any one youth program?

Mr. Peter Shurman: No, not one; I'm looking at very particular age groups, because what we're both looking at is the future of Ontario, and the future is in the hands of younger people—25 to 34, I singled that out as one group; and then under 25. Both of these segments are contributing to the creation of small business in Ontario and I want to know if your ministry knows what the results look like.

Hon. Sandra Pupatello: But we have had such great results from our youth programs for entrepreneurship across this ministry. I can ask my staff to follow with some data, in fact. I was mentioning in an answer to a question earlier about 2,500 small businesses being started just through the summer program. The beauty of that is over 800 businesses continue today, when that program was started in 2001.

Mr. Peter Shurman: Do you know how many jobs were created in each of those age groups?

Hon. Sandra Pupatello: I'll ask my staff to cover that detail, but in the main, all of our youth entrepreneur programs have been wildly successful, totally taken up, and usually it's a problem of plenty, where there are more than we might have money for funding those programs.

The Chair (Mr. Garfield Dunlop): That actually concludes the time of questioning for Mr. Shurman and the official opposition. I will go to the third party. You have 20 minutes, Mr. Hampton.

Mr. Howard Hampton: I want to continue where I left off. I want to ask questions on behalf of all those small businesses that operate hardware stores and sell building materials. One of the realities they face is that somebody can easily cross the border into Minnesota and purchase their building materials or cross the border into Manitoba and purchase their building materials. As I understand it, the way the tax system works now, those things enter the country tax-free. But many of those materials, if they were to purchase them at a hardware store in Ontario, would be hit now with the GST, PST and, as of next July, the HST.

Can you tell me, does your ministry have any strategy to help those small business operators deal with what is already a very uneven situation and, they say, will become an even more uneven situation?

Hon. Sandra Pupatello: Again, most border communities have been suffering some tremendous losses because of the dollar value. I certainly face that in my own community of Windsor. We can feel change with a one-, two- and three-cent difference as it moves up. Today I think it's at 74.9 cents or something versus the American dollar. All of these kinds of incremental changes have an impact on the number of people who come over from Detroit, in our case, across the border in

northwestern Ontario; same thing if it's on the American side.

We recognize that these changes are things that our businesses have been dealing with for some time. In the north, our business services through this department of the ministry are served through northern development and mines—

Mr. Keith West: And forests, yes?

Hon. Sandra Pupatello: Yes. So they actually help to deliver the same services that we have available in the balance of Ontario through these business centres, whether they're our business centres as regional offices or the ones that we share with the municipalities, where we reach out at a very grassroots level to offer all kinds of levels of support: help with finding opportunities for greater levels of competitiveness—what do we have on offer? How do we help with energy costs, energy efficiency? What credits are out there? Are people doing R&D? Can we help them attach to that? Are they taking in co-op students? Do we have tax credits for that? Can we help with some training adjustments? Our apprenticeship tax credit has been increased. Are you aware of this? Are you taking up on this? So everything we can do to help them be more competitive is in fact what our business offices are doing on the ground, including in northern Ontario through the Ministry of Northern Development, Mines and Forestry.

Mr. Howard Hampton: Maybe you didn't understand my question. One problem that local businesses see is the person who lives in Minnesota, in North Dakota, South Dakota, Wisconsin. They purchase some land on a lake. They're going to build a cottage. They look at the price differentials and, as it stands now, they buy their materials in the United States and bring them across the border because they pay less in taxes—less. It costs them less. If you tack another 8% on to the cost of doing business for the hardware store operator in Ontario, you're not going to help them; it's going to put them even deeper in the hole.

The other part of the problem is that people now routinely go to Manitoba to purchase their building products and bring them back to northwestern Ontario because they feel they can get a better deal in Manitoba, and if you tack on another 8% in Ontario, they feel it's going to put them in an even deeper hole.

Do you have an answer for them?

Hon. Sandra Pupatello: Well, we're striving in this department of economic development and trade to help our businesses be competitive—that's competitive today. So I worry that there are businesses in northwestern Ontario who don't feel that they are competitive enough and in fact that their customers may be fleeing now, in the absence of any additional tax reform, that they're leaving now to go to other places to make purchases when those purchases could be available in their own backyard.

We've got a number of opportunities where we do outreach to our businesses to help them be more competitive. We offer those services today. What I will do is find out exactly the closest to your neck of the woods,

whether that's right in Kenora or wherever, to see exactly what outreach has been done, because clearly this is an issue that exists today in the absence of any additional tax reform that is coming. So that does concern me.

I have to say that, against our American counterparts, the rising dollar greatly affects Ontario, especially border communities. We felt it in the area of tourism. We don't have our head in the sand at all. We've watched this for some time, and we know that it's difficult. That, frankly, is why it compels us to be more and more competitive.

If the significant reason behind tax reform is to assist our businesses to be more competitive, then we want our businesses to know how that's going to happen, what it is about their business where they will actually have reductions in their costs of doing business, so they can offer their services at more competitive prices.

This has been the experience in the other five provinces that went down this road, and I believe that is what the experience of Ontario businesses will be as well.

Mr. Howard Hampton: Again, these businesses don't see their costs going down; they see their costs being forced up. They are looking for some answers. How do they compete when their costs rise significantly as a result of these tax changes and the stores and the operators and the resorts that they compete against will not have their costs pushed up by 8%? They're simply asking for an answer.

But let me move on to something else that has been raised. As you would expect in a part of the world that has the greatest number of freshwater lakes in all of North America, easily accessible freshwater lakes, there are literally tens of thousands of cabins and cottages—Lake of the Woods, Rainy Lake, Red Lake, Lac Seul. It's not unusual to see people fly up from California to spend three weeks at—I would not call them cabins or cottages; I might call them mansions. They really are quite something. And many of these people have all kinds of renovation work done.

1740

As somebody said to me, as it stands now, there's a significant underground economy in doing the renovation work. I've had contractors say to me that, with the additional 8% added on, they're going to see more underground work. In other words, the contractor who's honest and pays the taxes and observes the tax laws of the province is going to be at an even greater disadvantage because somebody else is prepared to offer to do the work under the table with no taxes. They are very worried. I mean, this is their work; this is how they survive. In the course of the spring, summer and fall, they might do renovations on 30 or 40 cottages or cabins, or mansions in some cases. They are saying, "Look, I have no idea how I'm going to survive, because there's already a great deal of pressure to go underground, to offer to do it for cash and pay no taxes, and the pressure is going to be even greater."

What's your response to those folks?

Hon. Sandra Pupatello: Well, I have to tell you that you and I should both be concerned about an under-

ground economy today, never mind the addition of tax policy that's coming down the road. So I don't buy the argument that we are concerned because there will be more illegal activity. We're concerned today because there's currently illegal activity. Illegal activity is never acceptable here and we've got to take strides, however we do that, to stop that, because you want everyone playing from the same level playing field. The fact that there may be more—I don't buy that argument.

Again, we have to look at what other provinces experienced when they went down this road, and that was not the case. In fact, what we saw was price decreases, increased levels of competition, increased levels of productivity, new jobs being created. From all of those economists who are experts in this field who have done a significant study on what the economic impact will be for us, looking at over the course of 10 years, it's almost 600,000 jobs being created as a result of this tax policy.

The best part about this tax policy is, in fact, that it's not just about the tax you pay; it's about the tax that you don't pay. A big part of this, as a wholesome policy, is reducing—that 93% of all those who pay income taxes will have a tax cut, and in this first year, \$1,000 of transitional assistance payable over three instalments to help people get over this kind of tax policy shift. And that's important, that it is a whole package. We just can't pick off parts of it without looking at the whole package that is being presented here.

If the intent is that it's to be more competitive, and we see that that's in fact what has happened in other jurisdictions, coupled with the fact that we've never seen such a dire economy around the world and that Ontario is now facing a world that's become more competitive and much closer to home for us, then it's exactly what we need. It does take a government with true leadership to jump ahead and do it, to have a modern tax system available so we save almost half a billion dollars in administrative burden to businesses alone. These same businesses will find less administration, therefore less time required, therefore saving money, therefore putting that time to good use, towards the actual operation of the business, as opposed to the administration of the business. And those are all pieces of information that every MPP should be compelled to share with small businesses in their regions.

I hope that all the members of this committee in particular, having heard for the fifth, sixth or seventh time the well-rounded package around tax reform, will take this message to all of the businesses around Ontario.

The Chair (Mr. Garfield Dunlop): Mr. Hampton, you have about seven minutes left.

Mr. Howard Hampton: Let me zero in on the problem a bit more. You refer to other provinces. In fact, people in the home renovation business have contacted contractors and contracting associations in Nova Scotia, and this is what they were told: When that province added on the 8% blended sales tax—BST, HST, whatever you want to call it—the people who did home renovation work felt that what happened is that a third of the people

who would have done, ordinarily, home renovations or cottage renovations didn't do them because they didn't have the money. They couldn't afford that marginal cost increase that the 8% represented. A third, in effect, went underground. They paid for their renovations on a cash basis and avoided the tax altogether. A third—and maybe these were the government employees who didn't want to get caught stiffing the government—continued to pay through the usual means; that is, contractors who charged the tax. What it meant was, in effect, for those people who were doing this kind of renovation work, two thirds of their market disappeared. A third of the people just said, "I can't afford to do the renovations even though I'd like to, so I'm not going to do it," a third went underground, and only a third paid the new tax for home renovations.

In a part of the province that I represent, that would be absolutely devastating. If you lose two thirds of the market because a third don't do the work and a third go underground, you put literally hundreds of people out of work. They're simply asking—you're the Minister of Small Business—what's the answer to this?

Hon. Sandra Pupatello: I think we got some benefit, that what was happening, in fact, in the late 1990s or mid-1990s, when the other provinces went this route with the single sales tax, is that the economies generally were flourishing, so things were moving along. That's not the case in Ontario today. In fact, Ontario is starting to see some movement and progress in terms of positive movement within the economy, but the benefit is, especially for this particular sector that you're referencing now, we're in the midst of a huge national campaign for a tax credit for home renovations, so that is having a direct impact on this business. We know that the federal government initiated it for exactly that purpose: to help stimulate this part of the economy because it has so much multiplier effect when they do that.

In addition, just on the construction industry generally, we have never had a number of years where we have had this level of significant economic stimulus. What Ontario has put forward, matched by the federal government, is unprecedented—plans, just in the post-secondary system alone, and unheard of investments. If we look at any one of our communities, if you come to my region, virtually every crane that's up in the air, every single construction project on the ground, traffic jams galore because you've got orange pylons all over the place with all this road construction—all of that is tied to provincial funding. It's an unbelievable story, and thank goodness it's there because we need it right now. I suspect the same is true in this member's riding as well in the north—significant investment in infrastructure exactly when we need it, and that means that construction companies are busy.

We do know that there is a struggle going on in Ontario faced more by Ontarians than any other province: (1) we're the largest; and (2) we have the biggest cluster of industries—the types of industries that are most greatly affected by two things: the rise of the Canadian dollar against the American dollar, and that we sell most of our exports to the US where the American consumer is

not as strong as it used to be. Those two factors are things that the provincial government can't control, as much as we would like to. We wish we could, but we can't.

We know things are tough and that it's not going to be easy, and that's exactly when we need to offer up solutions. We cannot leave the status quo as it is—we can't. We're compelled to do it differently. We're compelled to come forward and say, "This is modern." All of the experts have told us that this will make us more competitive and more productive, and that will be the case in every segment of the environment, not just one business. Not just the telecom industry, not just IT, but all of the businesses will have those savings available to them.

In addition, 93% of taxpayers, who are also the consumers, are getting a tax decrease. So I have to challenge all of the members who want to be in opposition to this: Are you honestly opposed to a decrease in income tax for 93% of all of the people who pay income tax in Ontario?

So it's a total package here. Those business people who work in the home renovation business are looking at their consumers, 93% of whom have a tax decrease, which means more money in their pocket to spend on the new door they want to install or the new windows, and to boot, you get the federal tax credit as well for home renovation. So it's a great time to be doing home renos, and I think I see enough of those commercials that I'm going to go get my big yellow envelope myself and stuff those receipts in there.

The truth is, this is tough, and tough means we can't have the status quo. I have heard no examples from the opposition benches about what we are supposed to do when we are facing an unprecedented challenge in our economy here. I don't hear one idea about how we're supposed to do this. But at a minimum—

Mr. Howard Hampton: Mr. Chair?

Hon. Sandra Pupatello: —we are modernizing and we are coming forward with competitive, productive items for small business.

1750

The Chair (Mr. Garfield Dunlop): You're down to just two minutes left, Mr. Hampton.

Mr. Howard Hampton: Mr. Chair, with respect, I asked a simple question and I'm still trying to find the answer. These are contractors; they simply want to know. They've been in touch with home renovation, with the Home Renovation Contracting Association in Nova Scotia, who told them, "Here's what happened to us. A third of the people stopped doing home renovations. A third simply went to underground operators, which meant that our businesses lost two thirds of their business activity." That's what these contractors are worried about. With all respect, Minister, the federal home renovation tax credit is going to finish very soon; it's just about over now.

Hon. Sandra Pupatello: End of March.

Mr. Howard Hampton: Well, not too many people are going to be renovating and building in January, February and March, I can tell you. It's a little cold. So

that tax credit is going to end and then they're going to be hit with an additional 8% cost on the work that they do, and they're seeking an answer. What do they do in terms of people who say, "Well, you know, if you'll give me the cash basis then I'll renovate, but if you don't give me the cash basis, I'll find somebody who will or I just won't do the renovations"?"

Hon. Sandra Pupatello: Chair, how much time do I have?

The Chair (Mr. Garfield Dunlop): You've just got about 30 seconds left.

Hon. Sandra Pupatello: Okay. Is this at the end of our session now?

The Chair (Mr. Garfield Dunlop): For today, yes.

Hon. Sandra Pupatello: I appreciate that this has become a debate about the single sales tax, and what I appreciate is the opportunity that we've had to put the whole package in front of taxpayers, to tell people that this is about competitiveness for small business, about getting out there and being more productive, because we are decreasing the amount of taxes that businesses have

to pay in order to deliver that service or make that product. So we have what is a really once-in-a-lifetime opportunity to have a huge jump in the level of productivity and our companies need this right now. In addition, it is a full package. That full package means that 93% of all of us who pay taxes are getting a tax decrease, coupled with other initiatives that we all know about and we've got to be supporting—increases in the tax credit for seniors, for example. We know that all of these combined will make Ontario stronger, and now that we see that the experts have weighed in to tell us that over the course of the next 10 years we're going to see up to 600,000 new jobs being created, new capital investment in this province, that is going to make Ontario competitive, and we are going to be able to take on the world.

The Chair (Mr. Garfield Dunlop): Thank you, Minister, and thank you, members of the committee and members of the ministry. We'll adjourn now because we have a vote and we will meet tomorrow afternoon after routine proceedings. The meeting is adjourned.

The committee adjourned at 1752.

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Standing Committee on Estimates

Ministry of Small Business
and Consumer Services

Comité permanent des budgets des dépenses

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STANDING COMMITTEE ON
ESTIMATES

Wednesday 18 November 2009

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mercredi 18 novembre 2009

*The committee met at 1620 in room 151.*MINISTRY OF SMALL BUSINESS
AND CONSUMER SERVICES

The Chair (Mr. Garfield Dunlop): Good afternoon, everyone. Minister McMeekin and members of your ministry, welcome back. Minister, you have 10 minutes left to make comments. Do you wish to do that?

Hon. Ted McMeekin: I'd like to do that.

The Chair (Mr. Garfield Dunlop): Okay, we can start with that right now. Is that okay with you?

Hon. Ted McMeekin: Okay, very good. Thanks, Mr. Chairman.

The Chair (Mr. Garfield Dunlop): To the committee: I understand that there may be some folks who would like to adjourn a little early today.

Ms. Cheri DiNovo: Can I make a motion, Mr. Chair?

The Chair (Mr. Garfield Dunlop): Would you mind waiting until Mrs. Munro gets here?

Ms. Cheri DiNovo: Oh, is she on her way?

The Chair (Mr. Garfield Dunlop): I think she is, yes.

Ms. Cheri DiNovo: Okay, I'll wait.

The Chair (Mr. Garfield Dunlop): Maybe a little later on.

Ms. Cheri DiNovo: Okay, no problem.

Mr. Khalil Ramal: Excuse me, can you tell us the rotation? He has 10 minutes to speak and then it comes to us again?

The Chair (Mr. Garfield Dunlop): Yes.

Hon. Ted McMeekin: That's right, yes.

Mr. Khalil Ramal: That's fine. Thank you, Chair.

Hon. Ted McMeekin: Thanks very much, Mr. Chairman and members of the committee. Once again, I'm delighted to be here in front of my esteemed estimates committee member colleagues to make closing remarks about the great work we're trying to do over in the Ministry of Consumer Services.

I'm now pleased to have yet another experience under my belt in my role as the new Minister of Consumer Services, speaking with you all about important matters like propane safety, the protection of heritage cemeteries, our administrative authorities and the education of consumers. I am honoured to fulfill the Premier's request to be an unabashed advocate for the consumer, and that is what we in our ministry are trying to be.

My ministry's role is to protect the consumer and promote public safety. We are effective in helping consumers obtain their rights, while also helping to educate business operators about their obligations.

I believe that educating people to be smart consumers is one of my ministry's key roles, as well as being a priority for our delegated authorities. Whether we're educating consumers to shield them from unfair or unethical business practices and scams, or working with the Electrical Safety Authority to ensure that electrical installations meet the provincial code, we're working to strengthen consumer protection and public safety.

Consumers learn that the Ministry of Consumer Services is here to help, not just by providing helpful advice, although we certainly do that, but also by being willing to go much, much further to take up a complaint, investigate it and see it through to a judicial conclusion where that is appropriate.

Ms. Munro spoke with eloquence about the importance of educating the public. We do that through many means, including our Smart calendar, which by the way we released this morning. I hope that you all received copies last week in your constituency offices. If you haven't, we'll certainly make sure you do.

We educate consumers through a variety of means. Our website contains valuable information on a number of consumer topics. Consumers can learn what the top complaints are: collection agencies, energy brokers, health and fitness club memberships. In fact, we have a section devoted to helping consumers protect themselves, where people can search our Consumer Beware database to learn about individuals and businesses with compliance issues. They can also be linked to other organizations that deal in public safety, such as our delegated authorities. Last year our website received 28,000 visits, almost triple the amount of the previous year.

Ministry staff also consult with other provinces to learn from their successful public outreach and educational programs. We know there is always more we can do to educate people about protecting themselves from unsavory business practices. I ask staff to continually look for ways to help Ontarians become smart consumers. As I said before, nobody on our staff gets in trouble for helping somebody. That's rule number one, the golden rule in the Ministry of Consumer Services, if I can be so bold.

For my part, I plan to meet regularly with consumer advocates, community leaders and other consumer-

focused organizations to hear directly from them what more we can do to help consumers, especially our most vulnerable citizens: new immigrants, our senior citizens and young people.

But our role is more than just education. We also ensure that we close the loop on accountability and good governance. Ms. Munro and I both agree that these principles are vital and they are something our administrative authorities must adhere to.

May I remind the committee members that we have undertaken an independent review of that administrative authority model, and we have learned that the model is working and that these organizations are, in fact, doing a good job.

When things don't go well, which occasionally happens, we hold people accountable. Whether it's through complaint resolution between consumers and businesses or administrative authorities, we are prepared to fix any problems that arise. For example, Ms. DiNovo, you so rightly expressed concern about propane safety. I take your concerns very seriously. That's why we went over all 40 recommendations in some of my finish-up time. We have put in place new regulations to further improve the safety of Ontario's propane system, including minimum numbers of annual inspections for propane facilities, enhanced training requirements, and public availability of a facility's emergency preparedness, just to name a few.

Ms. Munro, I give you my commitment with respect to the TSSA that we will implement the recommendations we discussed at our last meeting. Those commitments are one of our top priorities and we will ensure that they are fulfilled.

As an aside from my notes here, I didn't run to be a defender of any status quo, warped or otherwise; I ran because I, on a good day, like all of you, want to change the world and make it a better place for my kids and my grandkids. I say that because I don't believe that when all is said and done, there's any point in being here if we're not going to act. You listen in order to learn, you learn in order to understand, you understand in order to act—on a good day.

This brings us to the issue of outcomes. Both Ms. Munro and Ms. DiNovo raised this important issue; thank you both very much. We need to be clear about what it is we're trying to accomplish, and even more specific about how we measure it. It's about tracking, monitoring and measuring outcomes to do the job that needs to be done.

We will continue our practice with our administrative authorities to develop and implement memorandums of understanding with respect to how they do their work. Rest assured that we will continue to vigorously enhance the outcomes process and ensure that the protection of our citizens is paramount. We all know and agree that tragic events can happen no matter how well-prepared we may be. There is no perfect system; there are no steps that can guarantee absolute safety. Even so, we must never be complacent. We have a responsibility to seek continuous improvement in our systems.

At my last presentation, we also spoke about inactive cemeteries. Ms. Munro, you made some excellent points; thank you. The Cemeteries Act protects inactive cemeteries. The act provides for an extensive public consultation process if a request is made under the act to close the cemetery. Notice is required to be published in a local newspaper and must be given to the municipality and municipal heritage committee, as well as the Ministry of Culture and the Archives of Ontario. The registrar will only order a cemetery to be closed if the closing is in the public interest, and the cemetery owner is responsible for ensuring that human remains that are to be moved are properly dealt with. These protections are carried forward in the Funeral, Burial and Cremation Services Act, 2002, and its proposed regulations.

Ms. DiNovo, as I said earlier, I very much appreciate your interest and leadership on the payday lending file. There are important areas where we may have some slight disagreement, and I respect that. I know that you would like to see rates much lower, and perhaps a somewhat different model, to be fair. Our approach was not designed to put the industry out of business, which we believe would inevitably force it underground, but rather to allow it to continue in a significantly regulated environment. So we have moved to ban rollover loans and prohibited other practices for current loans. We've also eliminated the acceptance of wage assignments by payday lenders, which is significant, and we're requiring absolute disclosure. In terms of annual percentage rates, the Ontario government has set the upper limit on the total cost of borrowing for payday loan agreements in Ontario. The rate for payday loans is \$21 per \$100 borrowed. This will come into effect in December. We feel that we have developed a balanced approach.

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To conclude my remarks, I would again like to thank you all for allowing me to come and present before my esteemed colleagues. I'm delighted to have the opportunity to serve as the Minister of Consumer Services. We and the staff will continue every day to be as vigilant as we can. Each and every consumer has a right to be protected, and we are all consumers, so we are also advocates of consumer protection. We are all unabashed advocates, everyone in this room, of doing the right thing and finding solutions to any problems that arise.

Consumer protection in Ontario has not yet achieved such an exalted state that nothing further needs to be done. Indeed, I hope I've been clear in saying, to the contrary, that I am promoting a culture in which we are constantly looking for ways to improve. I am very proud of what we have achieved so far, and I'm very proud of the work that's gone on and going forward.

I'm very, very proud of the staff that serve the good people of Ontario in this ministry. I really am, every single day. We're doing good work and we continue to be here to help.

Thanks so much for your kind attention.

The Chair (Mr. Garfield Dunlop): Thank you very much, Minister. Ms. DiNovo?

Ms. Cheri DiNovo: I have a motion, Mr. Chair, if I may, that because of the rotation, the Progressive Conservatives and the NDP have had our turns, so the government take their turn and we adjourn at that point.

The Chair (Mr. Garfield Dunlop): We would need unanimous consent on that. By the way, this is the last day for estimates for this session. There will be no more after today.

Do we have agreement on that motion? Agreed.

I'm also going to ask at the end of your rotation if we can have the votes on the estimates so we can report them back tomorrow. Okay?

Go ahead, Mr. Ramal.

Mr. Khalil Ramal: Thank you, Mr. Chair. You've been a fine Chair since I came to this committee.

The Chair (Mr. Garfield Dunlop): Thank you.

Mr. Kim Craitor: What do you want?

Mr. Khalil Ramal: I want nothing.

Welcome back, Minister, to this committee. I know you're the Minister of Small Business and Consumer Services. As you know, small businesses, like medium-sized business or big business, are facing tough times these days as a result of the economy nationally and internationally. Many small businesses are suffering from a lack of access to government ministries and offices. They call an office and they have a tough time reaching their goal. I know you try as much as possible to have an open and accessible ministry for small businesses, to assist them in any way.

I think I heard you announce today some kind of special calendar to assist small business and allow them to move on with their business. Can you explain how small business can benefit from your ministry being accessible and how you can waive all these obstacles and red tape in your ministry, if you don't mind?

Hon. Ted McMeekin: Well, I wish I had made an announcement with respect to small business today, but as members of the committee know, there's been a restructuring of the ministry, so it's not the Ministry of Small Business any more, although, as Minister of Consumer Services and as one who has run a small business, I understand the challenges that small businesses face. And I understand that our government is working as diligently as it can to make available to small businesses the various tools they need in order to compete, including, and I won't go into it here, a comprehensive adjustment on the way we do taxation in this province so as to provide for businesses some of the advantages they need so that some savings can accrue, which can be reinvested in building a stronger, newer, more innovative and more competitive economy in the midst of the global economic challenges that we face.

I'm ragging the puck here, so I think I'll just stop there.

Mr. Khalil Ramal: I guess that's enough for me, Minister. I guess my colleague has a good, important question about his region.

Hon. Ted McMeekin: Thank you. That was a good, important question, by the way.

Mr. Kim Craitor: Thanks. Minister, I just want to talk about my favourite subject, wine.

Hon. Ted McMeekin: I'll drink to that.

Mr. Kim Craitor: I knew you would.

The Chair (Mr. Garfield Dunlop): You've got everybody's attention.

Mr. Kim Craitor: My riding includes Niagara-on-the-Lake, and I would suggest to you that my riding probably produces at least 70% of the wines in Ontario. There has been one wine in particular that I have constantly promoted to consumers that they should be buying, and that's called VQA—

Hon. Ted McMeekin: Yes.

Mr. Kim Craitor:—Vintners Quality Alliance, which simply means that that bottle of wine has 100% of its grapes from Ontario. It's not a bottle of wine that may have 40% or 30% and the rest is foreign juices from another country. It's 100%.

I'm constantly trying to promote that to the public: Buy that.

Hon. Ted McMeekin: Right.

Mr. Kim Craitor: That's the one; you're supporting ourselves.

Hon. Ted McMeekin: Thank you.

Mr. Kim Craitor: I just wanted to ask a couple of things. There was a great announcement—I think this is the place to reiterate it—about a new direction the ministry was going in to do a couple of things: continued support of VQA, Vintners Quality Alliance, wines; and a new wine strategy. I was particularly proud that you took the leadership on that. Can you just, for the benefit of the committee, share it with us? And if you'd just give me a minute, I'll get some wine for us to drink while you're doing that.

Hon. Ted McMeekin: I wish. Will you allow that, Mr. Chairman?

Thanks so much for the question. It has been a file that has consumed much of my time since being appointed as Minister of Consumer Services.

I want to just take a minute to thank the member from Niagara-on-the-Lake, Niagara Falls, whatever.

Mr. Kim Craitor: Fort Erie.

Hon. Ted McMeekin: Fort Erie. I know we didn't agree on every point with respect to where we needed to go, but your input was extremely important in helping us to define where we wanted to go with respect to a strategy.

As you know, honourable sir, we did ask the Grape Growers of Ontario and the Wine Council of Ontario to work together to help develop a strategy for the industry and to propose a series of long-term solutions. I think it would be fair to say that there was broad-based recognition that rather than being seen as two industries, we need to develop a system where they could emerge as one industry and work together.

We weren't able to reach consensus on every issue, but the grape growers and the wine council did reach important consensus in a number of areas. For example, they agreed on a price for the 50,000 tonnes of grapes.

They also agreed to work at a strategy around handling the surplus grapes, which, I'm pleased to say, as a result of our strategy—at least it has been attributed to our strategy—is now considerably lower than it was originally projected to be. I think that's a good sign.

In addition to that, they indicated that both the Grape Growers of Ontario and the Wine Council of Ontario saw as their number one priority the continued growth of Vintners Quality Alliance wines. Our government has certainly embraced that, and we have begun to shape and frame policies that will, in a very specific way, enhance that direction. There have generally been some very positive comments about that. I know that the environmental alliance and others have made some very positive comments—I don't happen to have them here at the moment—about the government being at a fork in the road and choosing the right path and this is going to help the local economy, both the grape growers and those who produce VQA wines.

So our focus is to strengthen our VQA brand and promote those products that are grown here in Ontario. As you mentioned, the VQA brand is 100% Ontario grape. Needless to say, if we continue to grow that with some focus—I think it grew at a rate of about 28% last year—and provide opportunities in the LCBO and perhaps elsewhere, depending on where we go with that to retail that product, that ought to stand us not only in the good stead we're already in but in an even better position. So we want to look at increasing retailing opportunities for VQA wine.

We want to improve the whole issue around cellared-in-Canada-wines and the labels, which is a really important issue, so we're looking at that. The industry has been very much involved in supporting that. We believe in truth in advertising. The cellared-in-Canada moniker, by the way, is not a provincial moniker; it's a federal one. It came about as a result of some consultations. We think there may even be a role for the federal government down the road around monitoring that.

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One of my staff colleagues did give me some quotes here. The Grape Growers of Ontario were very, very positive. Bill George, the chairman, said, "The government of Ontario is paying a lot of attention to VQA and growing VQA and the support of VQA," and that's good.

Dr. Rick Smith, the executive director of Environmental Defence, said, "People clearly want to buy local wine. They want to know what it is they're buying. They don't want to have products with misleading labels," which was good.

A Niagara Falls newspaper, which I think it would be fair to say was somewhat critical of various governments in the past around their wine policies, said in an editorial that the wine strategy was a "well-thought, measured approach that will wean the Ontario ... industry off its need for the lucrative CIC wines while preparing the marketplace for the shift to VQA. What's more, it will be for the benefit of the Ontario wine industry..."

These are some of the quotes. There seems to be broad-based support among the grape growers, the wine

council, as well as those who understandably and justifiably have a pronounced concern about being keen in green and maintaining strong Ontario produce. Does that answer your question?

Mr. Kim Craiton: I think, more importantly, it just lets the committee know what a success it has been for the wine industry, thanks to your leadership.

Hon. Ted McMeekin: It has been phenomenal.

Mr. Kim Craiton: It has been excellent.

Hon. Ted McMeekin: Some of the best wines in the world. I can't say that everybody in my family does this, but this minister only buys VQA wine.

Mr. Kim Craiton: One last plug: VQA wine, Vintners Quality Alliance. That's the one we're all buying to support Ontario grape growers.

The Chair (Mr. Garfield Dunlop): I've been to Niagara-on-the-Lake.

Mr. Kim Craiton: I know you have. They really respect you there.

The Chair (Mr. Garfield Dunlop): I've been to Picton too.

Mr. Brownell?

Mr. Jim Brownell: What is happening now is that we have a bill going through the Legislature, and it should very soon make its way to a vote. We know that Bill 187, the Technical Standards and Safety Authority bill, has looked at propane safety in this province. I know that in debate, the members of the opposition sitting here certainly made some good points and you as minister certainly gave a good overview of what recommendations had been supported. I think there were about 35 recommendations supported—two in the bill and about three more that need further review. I think it was very important to get it out in estimates.

I'm just wondering if you could summarize, in this last little bit of work you're doing here before estimates, how this bill, if it's passed—I'm hoping that our desire is to have this passed—will improve propane safety in the province. We know that we had the problems at Sunrise, but how will this affect propane safety right across the province?

Hon. Ted McMeekin: Thanks for the question. As you may know, we have covered this rather extensively, but let me just revisit it, by way of a brief summary, to note that the Sunrise Propane situation was tragic and caused the government to reflect on the need to review propane safety issues and to ensure that we were doing everything we possibly could to make sure there wouldn't be a repetition and that our system was strong. So we had an independent expert panel do that. They made, I think, 38 or 40 recommendations, all of which are in the process of being implemented. That's the case because Ontario's and one of my ministry's prime concerns relates directly to public safety. Public safety is not a partisan issue. It's something that we all agree on. We want our families, our kids, our parents and those who work in the industry to be safe and to have in place the provisions that are needed to accentuate that orientation towards safety.

We've introduced the bill. It will, amongst other things, extend the role of the Auditor General with respect to auditing the TSSA. It will allow some additional powers to the minister in terms of appointees, consumer representatives and the chair and the vice-chair. It will also create a new safety and risk officer who will provide some independent oversight, Mr. Brownell, to ensure that we're very much on top of TSSA's performance in the public safety area. It will provide the minister, whoever that person may be, the power to direct the strategic focus of the TSSA by actually issuing policy directives, and it will require the minister and the TSSA to enter into a more comprehensive and robust memorandum of understanding, which will be done very much in the context of enhancing the public safety regime in Ontario.

Is that helpful?

Mr. Jim Brownell: Yes. I had a constituent the other day who had watched what was unfolding here. You went through all the recommendations, and this constituent said, "In summary, what's that all about?" So you've given a good summary—

Hon. Ted McMeekin: It's all about making sure the people of Ontario are safe.

Mr. Jim Brownell: Right.

Hon. Ted McMeekin: And that's our number-one priority.

Mr. Jim Brownell: If that person watches the next time—

Hon. Ted McMeekin: Yes. Let me be clear, to anyone who may be watching: This is about public safety.

Mr. Jim Brownell: Yes. Thank you.

Hon. Ted McMeekin: Everyone in this room agrees that that's a priority. There's no party in this Legislative Assembly which doesn't agree with that.

The Chair (Mr. Garfield Dunlop): Any other comments from the government members?

Mr. Bob Delaney: How much time do we have left?

The Chair (Mr. Garfield Dunlop): Four minutes.

Mr. McNeely?

Mr. Phil McNeely: Minister, I had to step out for a few minutes and I may have missed it, and I missed the first session with you here. Your consumer calendar that is going out presently—the protection of consumers—I believe that that is an annual thing that we've seen before. I know that I have it in my riding office and it gets distributed fairly well from there. Just tell me more about it and what changes you've made this year.

Hon. Ted McMeekin: The consumer calendar—we had the official launch today. We did it at Yonge-Dundas Square. We had about 40 of our staff volunteer to come out. We have printed, I think, some 370,000 copies in a number of languages: Spanish; French; English; Tamil; Chinese, both simplified and traditional; and Punjabi. We had a number of people out. We had 5,000 copies, an early print run, available to us and we were going to be there from 8 a.m. to 1 p.m. By about 10:38, we'd gone through all 5,000 copies. I'm told that shortly after I left, three police officers ran around the corner, looking for a copy too, because they wanted to take one home.

It obviously is designed and distributed so that three basic things can happen: Consumers can know their rights, they can learn about how to shop smart, and they can protect themselves. We have, within the calendar, facts on scams. We have advice on purchases. Specifically this year, we have a section on gift cards, health fraud, buying and selling a house, purchasing and selling new or used vehicles, home improvement renovations, landlord-tenant issues, the rights of energy consumers, how to make sure your donations to charities are doing what you want them to do, how to spot counterfeit money and how to purchase bereavement services. There are also some tips on how to cancel contracts, some reference to the 10-day cooling-off period and some of the consumer protection legislation that's there, how a family can go about preparing for an emergency, and even a section on telemarketing fraud.

It's just chock-full of good information. It's the most popular publication that our government puts out. It's one that people usually start calling and asking for at this time of the year. We try to make sure we get it distributed to anybody who feels they might benefit or who we feel might benefit from it.

Mr. Phil McNeely: These are issues that have come up in my own riding. The gift cards: There are regulations or legislation in the past year covering some protection there?

Hon. Ted McMeekin: Absolutely. Yes, we have put in place legislation that prohibits, for example, expiry dates on gift cards and provides other important protections that were put in place after broad-based consultation with all the major consumer protection groups in the province.

Mr. Phil McNeely: David Ramsay had a private member's bill on energy consumers. Do you have any comments on people who come around to your door offering energy contracts?

The Chair (Mr. Garfield Dunlop): You have about a minute, Minister, to finish up.

Hon. Ted McMeekin: It has been a plague that we've seen from time to time in all our constituency offices. I think the bill is a good start. I don't know one way or the other at this point, but I'm hopeful that the government will embrace the intent of the private member's bill, perhaps strengthen it with some ideas from other parties and present it as government legislation, because I think it's really important that we move forward with that kind of initiative.

It has been a delight to be here, Mr. Chairman; it really has. You can see that I really am excited about this ministry and its potential to make a difference. The day that stops, I won't be the minister anymore.

The Chair (Mr. Garfield Dunlop): Thank you very much to the government members.

Based on our motion, we'll now have the votes.

Shall vote 3101 carry? Carried.

Shall the 2009-10 estimates for the Ministry of Small Business and Consumer Services carry? Carried.

Shall I report the 2009-10 estimates of the Ministry of Small Business and Consumer Services to the House? Agreed.

That wraps up the Ministry of Small Business and Consumer Services. Minister, thank you. To the staff of the ministry, thank you so much as well. And to all members of the committee, thank you for your co-operation

throughout the fall session. We will talk to you more in the spring at the estimates.

Thank you very much. The meeting is adjourned.

The committee adjourned at 1652.

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